CALL TO ORDER / ROLL CALL

1. Chair Don Knabe called the meeting to order at 1:43 p.m.

Chair Knabe announced that due to time constraints, the agenda was being modified. Item 7, Approval of UPK 10-Year Master Plan for First 5 LA, would be moved to follow Item 4, Announcements by the Chair. All other agenda items were to be renumbered accordingly.

Craig Steele, Legal Counsel, reported that the Board of Commissioners met in a closed session prior to the Board meeting. There is no action to report.

CONSENT CALENDAR: (Items 2 – 3)

2. Approval of Meeting Minutes from the January 8, 2004 Commission Meeting

3. Approval of Monthly Financials

M/S (Jonathan Fielding / Maria Veloz) APPROVED AS RECOMMENDED

COMMISSION: (Items 4-10)

4. Announcements by the Chair

RECEIVED
Based on the feedback received from Commissioners on their desired interests in serving on the various Committees and Workgroups for calendar year 2004, Chair Knabe made the following new appointments:

- Elizabeth Lowe – Chair, School Readiness Committee (formerly a workgroup)
- Jacquelyn McCroskey – Chair, Planning Committee
- Matt Rezvani – Chair, Communications/Government Affairs Committee

5. Approval of UPK 10-Year Master Plan for First 5 LA

Dr. Karen Hill-Scott commented that she was glad to be back again to provide the Board with a follow-up progress report to the School Readiness Workgroup meeting of February 5, 2004, which had focused on the next steps that need to be taken in the implementation of Universal Preschool Initiative.

Copies of the draft 10-Year Master Plan for First 5 LA were distributed to the Commissioners. Dr. Hill-Scott asked that Commissioners review the proposed plan and provide feedback directly to her. A consensus was reached by all present on the allotment of five business days before sending the final product for printing.

Dr. Hill-Scott provided an overview of the master plan and requested approval of the proposed next steps in the process. Specifically, the recommendation requested the (1) approval of the master plan; (2) approval of the governance concept; and (3) approval for the proposed work plan. These next steps would lead to the launch of universal preschool which is targeted for September, 2004.

In Part I of the plan, the investment approach was introduced. There have been several studies which indicated that an investment in early childhood education was far superior to other types of investment in human capital, in terms of guaranteeing a productive competent adult. This was referred to as the “human capital approach to investment” which is presently being taken seriously and researched by the Federal Reserve as well as by James Hickman, a Nobel laureate in economics. This approach was the conceptual underpinning to the master plan.

In Part II of the master plan, an assessment of how to get from the present to the future was done. In this section, there is a narrative summary of the master plan which was more a technical exposition. A business model for fast-growing businesses was utilized as the framework for the content, mainly because the UPK Advisory Committee needed to know how to achieve scale within 10 years, from no kids to having 100,000 kids in a universal preschool system. This business model was particularly applicable given the steep trajectory of the system.

Major policy decisions were discussed, made and included in the master plan. One of these big decisions was a decision about equity. A map of Los Angeles County that showed the areas that are highly underserved was used by the UPK Advisory Committee throughout the planning process. The UPK Advisory Committee could have easily designed a system, spent all the money, and improve the quality of preschool throughout the County without having to build one extra space. This, too, would have produced a stellar system if people from the outside were ever to look at it. But when the UPK Advisory Committee looked at where the kids were in the County, several zip codes were found in which 4-year olds did not have access to preschool at all. The UPK Advisory Committee made a decision on equity to the extent that if money could be obtained to develop preschool facilities, such development would take place in those zip codes which are referred to as “hot zones”. Development in the hot zones would first occur prior to the beginning of real estate development in other areas.

A second hallmark of the proposed system was quality. Two Content Committees focused on quality – a Quality Content Committee and a Workforce Development Committee. These Content
Committees were very committed to the creation and education of a workforce in the early childhood education system using a star rating system. The star rating system is a developmental system that basically has people going from one star to five stars, with five stars being a program where the lead teacher is a BA certified teacher in child development.

Another big dimension of the proposed system was community engagement and parent advocacy because the test of whether the task at hand was accomplished is measured through parents being connected to their kids and to their education.

In Part III of the proposed master plan, an extensive review of what was happening in the country with other big and small systems was done. Reference has been made to the military, Georgia, New York, Illinois, Texas, Oklahoma, North Carolina, Massachusetts, and New Jersey models. We used the experience of other systems and the history that has taken place in other states as a guide so that the learning curve was not as long or flat.

The last section of the plan addressed the question of “where do we go from here?” The challenges facing the proposed system were discussed in this section. The biggest short-term challenge is time. The long-term challenge is facilities. Although the UPK Advisory Committee began, initially, thinking about primarily service delivery, thought will need to be given to the building of a program concurrent with service delivery, quality of service delivery, and parent engagement. This will need to take place since intervention needs to take place in the hot zones where a difference will be made.

A decision on the governance and the kind of entity that will manage this proposed system needs to be made. The action items brought before the Commission included the approval of the plan including the course of action that is reflected in the last part of the plan. This course of action recommends the continuation of the same advisory process with Task Teams providing advice to a management team that ultimately will be permanently established. Approval of the recommendation would move the process forward. If the recommendation is not approved, the process would be delayed and the target opening day in September would not be possible.

Commissioner Hurewitz asked a technical question concerning hot zones. In some of the hot zones, there were families where English was not the dominant language. There exists a need to potentially build sites or to find facilities in these zones that could serve as preschool sites. Commissioner Hurewitz inquired if the UPK Advisory Committee had considered constructing a family literacy center in these areas since the Commission has already committed to the model of family literacy centers.

Dr. Hill-Scott commented that the planning process, so far, had really been modeled on collaboration efforts and in talking with people about what they were doing, building upon what we currently had, and building upon what we knew. Given that family literacy would be an underlying issue that should be addressed in addition to the issue of preschool, using family literacy centers would be a great idea. However, there are predevelopment issues that have to be addressed such as the issue of what kinds of creative finance ideas are going to be developed. The issue of financing facilities is going to have an impact on the implementation of the proposed system in order to address equity. There are approximately 100,000 4-year olds in the identified hot zones and semi-hot zones. If we can manage to figure out how to do financing, family literacy centers would be definitely considered.

MOTION: Approval of UPK 10-Year Master Plan for First 5 LA.

M/S (Elizabeth Lowe / Maria Veloz)

Prior to the taking a vote, the floor was opened for discussion.
Commissioner Boeckmann asked for clarification of the motion that was made by Commissioner Lowe. She wanted to know if the motion was asking for the approval of everything listed in the plan, as a package, or was the motion only recommending approval of a portion of the plan.

Commissioner Lowe responded that the motion on the floor called for the approval of the entire plan as presented by Dr. Hill-Scott.

Commissioner Cooper commented that the plan had just been made available to the Commissioners and although she had read prior drafts, she had not had an opportunity to read the current draft before her and yet, a vote was being requested. She fervently questioned if this was the desire of the Commission.

Commissioner Lowe commented that the plan had not been changed since the last UPK Advisory Committee meeting of November 14, 2003. The substance was no different than before. It has just been refined since the November meeting of the UPK Advisory Committee.

Commissioner Boeckmann expressed her desire to have an opportunity to read it carefully before having to vote on it.

Commissioner Tilton asked if the plan had an executive summary, a place where the substance of it was succinctly stated as the plan was 102 pages. Dr. Hill-Scott commented that there was a one-page bullet point summary description of the plan that could be made available to the Commissioners, if so desired.

Commissioner Kaufman complimented Dr. Hill-Scott. He stated that his personal opinion on voting on the plan was that in the past the Commission has voted for a plan that needed to have refinement after approval. This was done for one of the Commission’s strategic plans and it had worked out fine. Commissioner Kaufman commented that when looking at the three issues of the plan before the Commission for approval, he would be supportive of the first two issues except for the issue of governance structure. Commissioner Kaufman suggested a partial vote on the first two issues and a continuation of the discussion on the governance structure at subsequent meeting where a decision could later be made but wanted to know the impact on timeline. As the Commission meets every four weeks, the Commission could possibly meet sooner if necessary. Commissioner Kaufman stated that he would like to learn more about the governance structure and the thought process behind its development.

Commissioner Hurewitz commented that if there was concern about approving the entire plan, at least the next steps for the time period of February to September as outlined in the plan be approved. This way this part of the process would not be slowed down.

Commissioner Lowe stated that Dr. Hill-Scott and her team were prepared to address questions from the Commissioners. She opted for giving Dr. Hill-Scott and her team an opportunity to address any questions before a vote was taken.

Dr. Hill-Scott introduced the colleagues that have been involved with the plan and discussion of governance in great detail (Joe Byrne and Robert Hertzberg of Mayer, Brown, Rowe & Maw and John Agoglia, Advisory Committee member). Pro-bono legal services were provided to the UPK Advisory Committee by the law firm of Mayer, Brown, Rowe & Maw throughout the whole process to explore questions that would come up while the planning was taking place. About half way through the process, it was realized that the governance issues needed to be addressed and research began on it. Joe Byrne began working on the governance issue in consultation with three other attorneys at the firm. They have met with the Transition Team and presented governance structure options. Meetings have also taken place with Craig Steele, Legal Counsel of First 5 LA, about different approaches to governance.
Joe Byrne commented that the primary task was to provide options and an understanding of what a governance structure could look like in light of the goals that were articulated by the UPK Advisory Committee. A number of specific options for public and private partnerships, specifically within Los Angeles County, and potential models for success such as LACMA, the Hollywood Bowl, and the Music Center were assessed. For purposes of discussion, the primary discussion revolved around two options, one of which was recommended to the Board for approval. The first option was the creation of a public or a quasi-public entity which would have the obligations and requirements of a public entity. The second option was the creation of an independent, non-profit public benefit corporation which would have oversight and accountability through its contractual relationship with First 5 LA. This is essentially the way in which First 5 LA operates now. These options were considered in the context of the mission of First 5 LA, how it has operated in the past, and in which structure would permit the achievement of the goals that the UPK Advisory Committee articulated.

There were five primary objectives in considering the options. The entity would need to have the ability to (1) make quick, decisive decisions; (2) get the system up and running in an expeditious fashion; (3) attract private and public funds in order to bring the system to scale; (4) have maximum flexibility in the areas of fund development and financing; and, (5) public accountability which could be accomplished through a contractual process with First 5 LA Commission. In the view of Mayer, Brown, Rowe & Maw and as discussed with Craig Steele, Legal Counsel for First 5 LA, an independent non-profit public benefit charitable corporation with appropriate oversight from the First 5 LA Commission was the best entity possible to accomplish the articulated goals of the UPK Advisory Committee.

The 140-member UPK Advisory Committee as well as the UPK Transition Team made it very clear these articulated goals would not be achieved unless the program was part of the public system. A public benefit corporation would have as its single purpose universal preschool. This entity would (1) have no prior history, (2) provide the maximum amount of flexibility, (3) be able to act quickly and decisively, and (4) be able to appeal as well as generate private and public funds. Accountability would be established through the contractual process with First 5 LA. Mr. Byrne commented that this model was consistent with the way First 5 LA currently operates. The only difference would be that rather than contracting with someone who applies using an RFP, the Commission would actually play a role in the creation of the entity which ensure that the mission of the entity and the single purpose of the entity is in accord with what the Commission would be comfortable and supportive. Granting the money to a public entity or creating a new public entity would be a more significant departure from the way First 5 LA has operated. This would also significantly slow down the process and potentially make it difficult to meet the established targets. The details of what this governance structure would look like are issues that the UPK Transition Team will be considering over the course of the next month. A specific proposal would then be recommended to the Commission for approval.

Chair Knabe asked of Mr. Byrne if the two options he presented could be put in writing so as to serve as a frame of reference since these options were not included in the master plan.

Commissioner Veloz asked Mr. Steele if he could share his recommendation based on the model that would give the Commission the greatest oversight and input without violating the Brown Act. Mr. Steele commented that the questions of oversight and input were probably two separate questions. From the legal perspective, the non-profit entity model fulfilled the goals of the program and also allowed the Commission to have a significant amount of oversight through the contractual relationship between First 5 LA and whatever the new entity was going to be. This would be consistent with what is already done in many cases other than the dollar amount. This would be very consistent, for example, with the NexCare agreement for First 5 LA Connect. A non-profit entity was set up to provide a First 5 LA program fostering a contractual relationship and contractual oversight. From the legal perspective in terms of oversight, First 5 LA is very comfortable with the idea of the non-profit public benefit corporation. The question of input was really more of a policy question than a legal question. First 5 LA could structure any kind of entity to provide any kind of
input that the Commission needed to seek. Mr. Steele also commented that in the non-profit context, there were ways of structuring the relationship so that the Commission would have a significant amount of input. Difficulty would arise if the Commission were to appoint voting members of this body as voting members of the new entity. This would create conflict of interest and Brown Act problems that probably would not fulfill the goals of what the entity is trying to accomplish.

Commissioner Hurewitz inquired if there were any downsides to utilizing the non-profit benefit entity as distinguished from a public entity. He would be interested in knowing more about the creative financing methods, such as a bond issue, that Dr. Hill-Scott had mentioned. Commissioner Hurewitz asked if it mattered whether we are a public entity or a private entity in order to float a bond. Is that a factor? Are there any other factors that we ought to know about in making this decision?

Mr. Byrne commented that clearly there were factors that as a public entity, there were certain benefits, such as the full faith and credit of the entity behind to float a bond, and a new non-profit could potentially issue bonds but could be at a more disadvantaged position to do so.

Commissioner Hurewitz further pressed for information on the benefits of being a public entity because if bonding was the future, then the Commission may need to know about this.

Mr. Steele commented that in an ideal world if the Commission had a significant longer period of time to work, then the ideal structure would be to probably create a public entity that was to be created by statute through the legislature. Given the timeframe, the organization’s and the Commission’s desire for flexibility, and a nimble entity that could respond to different situations and make decisions as it goes along, the proposed governance structure of a non-profit provides the best opportunity.

Commissioner Cooper commented that she was under the impression that at the Planning Committee meeting of February 5, 2003, she thought she had heard that five models were going to be presented and discussed in the Transitional Team meetings. She questioned why the Commission was only being presented with two models. Commissioner Cooper wanted to know if only two models were presented for consideration to the transition team and if the original five models had been consolidated in terms of a public and independent non-profit structure.

Mr. Byrne stated that the models had been consolidated. Further, one of the options that had been considered was to have First 5 LA operate the universal preschool system itself or consider putting out to bid using the RFP process.

Robert Hertzberg commented that what was before the Commission was the broader concept. Rather than analyzing a host of options, the fundamental question to ask was “Do you want to be public entity or do you want to be a non-profit entity?” Assuming the non-profit entity was chosen, there would be a whole host of subsets engaged in the level of discussion about (1) how to exercise a level of control, (2) what would be the composition of the Board, (3) what were the control mechanisms, and (4) how would the Board operate in relationship to the Executive Director. Presenting this concept to the Commission at the current stage that we are presently in, is to take in the broad steps and to fundamentally address the question of, “Does this Board want to pursue these preschools as a public entity or does it want to take a non-profit approach?” An attempt is being made to create a model that would provide the maximum amount of flexibility and that would also ensure the success of the program. This is why the non-profit model was being recommended to the Commission for its approval. Certainly, the creation of another governmental entity has a host of challenges and restrictions that would make it very difficult to operate. In the balance, a level of accountability can be achieved through the entity’s transparency in its operations.

Commissioner Cooper appreciated Mr. Hertzberg’s comments but wanted him to understand that she represented LACOE on the UPK Advisory Board and that LACOE was not represented on the UPK Transition Team. Superintendent Darline Robles had expressed to Commission Cooper great
concern about this process and about the potential overlapping responsibilities of this entity as she has been charged to do by the Board of Supervisors in relationship to the 4-year old population of Los Angeles County. Commissioner Cooper commented that this was the origin of the questions she was making since she was being asked to make big decisions on a very small amount of information that has been provided in relationship to the governance concept.

Mr. Byrne commented that as part of the discussions, the real focus was on the composition of the Board, what were the seats on this Board, did LACOE have representation on this Board, and what was the relationship to form. Mr. Byrne commented that these were completely legitimate questions. LACOE could be represented on the governing entity, if that was the will of the creating Board. This would entail a much deeper discussion.

Commissioner Veloz asked Commissioner Cooper what kind of model the Superintendent would be supportive of. What was her vision of how this should be structured?

Commissioner Cooper stated that the Superintendent was not proposing a specific model. She simply wanted to be part of the conversation and to ensure that LACOE would be part of the structure that was created because she did feel like the Board of Supervisors had charged her with very specific goals through the New Directions Taskforce.

Chair Knabe mentioned that in specific conversations that he has had with Superintendent Robles, she has expressed a very strong concern that she has not been part of the transition process since she does have very distinct responsibilities given to her by the Board of Supervisors given 4-year old population in Los Angeles County.

Commissioner Veloz suggested adding Darline Robles to the Transition Team so that she could have a voice in the process.

Commissioner Fielding asked what was the fundamental question to be addressed. Given the fact that the vast majority of money that the Commission receives is going to go to this entity, the questions should be “Do we want to have a separate entity or have it be part of our responsibilities?” Commissioner Fielding stated that he was not arguing necessarily one way or another. He felt that this was the first question that the Commission needed to consider. This was part of the discussion that needed to take place before getting to the other discussion of whether there was going to be another body given the fact there could not be any overlap because of Brown Act issues and other fiduciary conflict issues. The issues of options for oversight, accountability, the nature of the contractual relationships have to be factored in at the front-end in terms of which of these two other options should be, if the Commission was to move in that direction. Commissioner Fielding commented that he was a little concerned about this but understood the importance of moving ahead quickly. Nonetheless, seeing nothing in writing about these issues made him feel uncomfortable. Further, Commissioner Fielding thought that the broad conversation needed to take place before the Commission moved toward the creation of the governance structure, regardless of how supportive he was of universal preschool.

Commissioner Wilder asked if the plan before the Commission was the culmination of what Dr. Hill-Scott and the UPK Advisory Committee had been doing. Dr. Hill-Scott said that there was more narrative to the plan in addition to the research that has been done to help sharpen the focus in terms of the next steps. These two things were the major components of the plan and no new policy framework was included. In terms of public-private non-profit entity, during the advisory process, the group was polled through case statements and the question was raised as to whether or not this program should be managed through a school system. This statement was not supported by the group as a whole. This did not mean that the school system was not important in the delivery of preschool services since the highest quality program in the county is a school district program and LACOE does operate Headstart facilities. The fact of the matter was that this was an industry with a lot of players and the public sector was but one of these players. There was a strong feeling that
we were going to have fidelity to the process of the UPK Advisory Committee and there was a very clear message about what were the goals of this system.

Robert Hertzberg commented that everyone on the UPK Transition Team quickly dismissed the option of having First 5 LA operate the system because as a holding company or operating Board, the thinking was that the Commission had other responsibilities, a broader mission, and other programs to administer. The concept would be to have an operating entity with expertise on the focus, with an overarching umbrella to the First 5 LA Commission.

Chair Knabe commented that if there was concern from the Commission as it related to this final product, this work in progress, that perhaps there were specific areas that could be directed to Dr. Hill-Scott so that she could be able to provide clarification to any concerns that were raised.

Commissioner Lowe commented that this discussion was really important and lengthy discussions such as this one had taken place at the UPK Transition Team and School Readiness Workgroup. This has been a progressive process. What was the bottom line was that there are 100,000 kids who are waiting to go to preschool and a flexible system is needed that is going to start delivering these services to parents and children. The UPK Advisory Committee has demonstrated its ability over the past year to progressively move forward in a very responsible, very creative and credible process with all kinds of people coming together to make this recommendation. Commissioner Lowe personally felt very comfortable with the non-profit model that was being recommended for approval. In her opinion, First 5 LA would have control and input into the process.

Commissioner McCroskey commented how the other systems already in place in other states did not provide much direction as these systems were operated by state offices of Education. Given the consideration of these two options, she asked, What was being seen as the primary challenges for the not-for-profit direction?

Mr. Hertzberg commented that the challenge in the broadest context in the non-profit model has always been met by the integrity and character of those who operate it by ensuring that everything that was done was always transparent and open. Certainly, this could be part of the contractual relationship and certainly part of the spirit. It is always important to remember that it is the public’s money as well as their trust. In the long-term, the challenge would be the facilities piece. If the system was to be substantially operated through the development of standards, contracting out with existent entities within the existing capacity, this type of administration would yield some level of challenge. The broader challenge will be the facilities piece – How does that work? How will it be financed or funded? How will it be operated?

Mr. Byrne said that getting people to participate and raise the funds that will be necessary will also pose a challenge. In a non-profit entity, a better opportunity will be provided to do this when seeking private money and charitable contributions. But, clearly there were benefits of being a public entity such as getting people committed and getting a Board that would be active and able to generate the amounts of revenue that would be necessary for continuing the program and bringing it to scale.

Commissioner Rezvani asked for clarification on the issue of a public entity being able to float bonds and giving these funds to a non-profit entity, if necessary. Mr. Hertzberg commented that there have been examples of this occurring. This structure would allow for the creation of a dedicated revenue stream from the public entity to a non-profit entity.

Commissioner Veloz asked Executive Director Martinez what was her preference for a governance structure. If universal preschool was operated by First 5 LA, then more responsibility and accountability would be placed upon the organization. Executive Director Martinez commented that when the UPK Transition Team initially met, one of the options considered was the possibility of having First 5 LA undertake the responsibility of operating this system which would be contrary to everything that the Commission has done. The Commission has operated like a public foundation
and has not been responsible for the provision of any direct services. Everything requiring direct services, First 5 LA has contracted out. Operating this proposed system would be a huge burden. It would mean setting up a whole separate department internally and the Commission would still have to end up hiring experts in finance, facilities, curriculum and workforce development. The option of an independent non-profit entity is a good recommendation in that the Commission could still determine through a contractual process the level of control that it would want to have over this separate body. The other option is the way that one of our contractors, NexCare Collaborative, who operates our parent information line – First 5 LA Connect, conducts business. As a strategic partner of First 5 LA, NexCare Collaborative does quarterly reports, their contract is renewed on an annual basis dependent on whether they have been meeting their goals. NexCare Collaborative, itself, has an advisory committee that is comprised of all of the collaborators that make up NexCare and also has its own Board of Directors. Although NexCare is set up differently, First 5 LA still has and maintains control in terms of monitoring and compliance, and ensuring that the scope of work that was outlined in the contract was being met all of the time.

Executive Director Martinez further commented that she did not think that the Commission would entertain the notion of having to be responsible for building a whole new system in the County that was going to need to deal with the complex issues of preschool. What is being asked of Commissioners is whether this was a good idea conceptually. There would be more room for discussion about what this entity would be comprised in terms of the Board composition.

Commissioner Cooper noted that the governance model included on page 89 of the plan was part of the plan and would therefore, be approved if the plan is approved. She further stated that adding Superintendent Robles to the UPK Transition Team after having made the decision on a governance model even though she had concerns about the model, would not count in this decision at all.

Dr. Hill-Scott stated that Superintendent Darline Robles had been a member of the UPK Advisory Committee and voted for the UPK Transition Team. The issue of who was on the Transition Team was proposed and discussed at the November 14, 2003 meeting. There was also a PowerPoint presentation with the duties of the UPK Transition Team outlined. Superintendent Robles was present and participated in this meeting.

Commissioner Fielding commented that he personally would not be in favor of the plan for the reasons discussed but also thought that the reason why the UPK Transition Team may not be successful was due to the size of the enterprise and not because of the representation on the team. Everyone has felt a greater stake and a greater need to have a full comprehension of what is proposed. This does not take anything away from the excellent representation on the UPK Transition Team. Commissioner Fielding further stated that he agreed with Executive Director Martinez in that the nature of the contract was absolutely critical. He also wanted to know what was the financial commitment of First 5 LA since there was a 5-year plan with a commitment of $600 million attached to it but the current plan called for a 10-year relationship.

Dr. Hill-Scott stated that the UPK Advisory Committee was very clear in its direction to the group as a whole, in a very public way, that they did not want to see the resources of First 5 LA given to a school district.

Commissioner Kaufman asked if this new entity would be eligible for matching funds from the federal government. Chair Knabe commented that it would be based on the structure of the funds.

Commissioner Kaufman asked Mr. Steele that since the Commission had not done any re-granting of a substantive amount, was the assumption that the UPK investment would go to this non-profit who would then not only manage it in terms of administration but re-grant to some other entity such as pay for the teachers or finance construction?
Dr. Hill-Scott commented that in the plan, the contracting with the classroom or the groups, something similar to the Georgia model which contracts in groups of 20 children or whatever group size, was being recommended. In other words, these were not vouchers that would follow the child, they would be vouchers that would go to the provider and the provider contracts, to operate a certain number of positions. This would be done with the new non-profit entity. The delivery system was assuming that there would a management entity that would do this.

Mr. Steele commented that there was nothing in the statue that would prohibit the Commission from delegating that kind of management function to this type of entity as long as there were sufficient controls in place, contractually or otherwise, to assure all of the things that applied to the spending of the Commission’s money would apply to this other group. This would be consistent with the strategic plan as well as compliant with the County standards.

Commissioner Hurewitz commented that the public benefit entity was the most reasonable option. He did think that this should be a continuing discussion at another meeting. The reason for this was that the Commission had never done anything like this before. Once this entity was created, it would be very difficult, unlike the situation with all of the other contracts, to terminate the contract. Once this is up and running, while the Commission is only being asked to confirm a master plan, what the Commission would really be doing is confirming the 10-year relationship. Commissioner Hurewitz commented that what the Commission was doing was giving birth to an organization that hopefully would be able to do all the wonderful things that the master plan was describing. He also wanted to hearken on a comment made by Executive Director Martinez in that the Commission will be doing something a little different. There is a third option such as entering agreements with collaboratives that could also be considered. It may be that this public benefit entity could be the leader or the general manager or the partner of a collaborative. Further, Commissioner Hurewitz commented that the Commission could make a decision on the rest of the master plan and continue the discussion on governance in a subsequent meeting, with the intent of weighing in on the other options.

Commissioner Veloz asked Dr. Hill-Scott what was needed in terms of a vote so that the process would not be slowed down and the fall deadline could be met taking into account the seriousness of the vote and the concerns that have been expressed today. In short, what was the minimum action needed so as to not slow down but provide a level of comfort to the Board on this very important decision. Dr. Hill-Scott commented that she would like for the Board to commit to a type of entity so that an exploration what goes underneath that umbrella could begin. Further, Dr. Hill-Scott stated that it would be very important for an entity to be established no later than June, 2004 and asked for the approval of the principle of a non-profit entity.

John Agoglia reinforced the comments made by Dr. Hill-Scott. He stated that the focus right now was for approval of a concept, a framework. To not have this approval, would derail the process.

Commissioner Wilder expressed her support for the plan as the timeline was very tight.

Commissioner Matt Rezvani agreed with the comments of Commissioner Hurewitz. The question of whether the Commission wanted a non-profit or a public entity operating this system needed to be answered. First 5 LA could serve as an example of a non-profit entity operating within a public system. He stressed a move forward.

Commissioner Fielding inquired if there was proposed budget for the plan. Dr. Hill-Scott commented that a budget was not included in the plan as there were still many questions be answered.

Commissioner Kaufman commented that there seemed to be a Board consensus that the operating entity for universal preschool should be a non-profit public entity with the caveat that the Commission and the public be made aware of the details. Dr. Hill-Scott assured the Commission that the process would continue to be open and transparent.
Mr. Hertzberg suggested gathering all the principles of transparency and embedding such principles into the process to see what the relationship would be like.

Commissioner Lowe commented that the process has been open to all those who have wanted to participate. The commitment has been there from the beginning.

Executive Director Martinez reminded the Board that funding was only committed for the first five years but the relationship was for ten years. The non-profit public entity will be able to leverage other funds through federal matching dollars, foundation grants, and fundraising.

**FRIENDLY AMENDMENT TO MOTION AND RESTATEMENT OF MOTION:**

Approval of UPK 10-Year Master Plan for First 5 LA, with a Board consensus on the concept of creating a non-profit entity as part of the governance structure, and adding LACOE Superintendent Darline Robles to the UPK Transition Team.

(AMENDMENT PROPOSED BY CHAIR KNABE. AMENDMENT WAS ACCEPTED BY COMMISSIONER LOWE.)

M/S (Elizabeth Lowe / Maria Veloz) APPROVED AS RECOMMENDED

6. Executive Director’s Report

RECEIVED AND FILED

In addition to the written report, Executive Director Martinez commented on the positive LA Times article on the direction that First 5 LA is taking on development of the universal preschool master.

7. Ratification of the New CDI Grants Guidelines

   1) Approval to Change the Eligibility Criteria for the Applicant’s Annual Operating Budget from $250,000 to $1 Million
   2) Approval of a Maximum Total Allocation of $2 Million for Childcare Applicant Agencies

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

8. Approval for Staff to Proceed with the Planning and Development of a Comprehensive Prenatal to Three Initiative

Chair Knabe asked for clarification as to why a separate initiative was needed to focus on the population of prenatal to three years when the strategic plan focused on the prenatal to five year population. Further, he stated that he did not see a need, based on the strategic goals, for a separate initiative for prenatal to three population when the voters mandated a focus on prenatal to five years.

Commissioner Lowe suggested incorporating the principles of the prenatal to three population into the other First 5 LA initiatives, all of which focused on the same types of issues: health, school readiness, safety. In her understanding from staff, she commented that the prenatal to three principles did not have to be a separate initiative and could be integrated within the confines of the strategic plan.

Direct Nuno commented that was a consensus among the Commissioners present at the planning meeting of January 29, 2004 that philosophically there was no disagreement on the critical nature of the role that a child’s early life and development played in the long-term growth of the child.
Commissioner Veloz commented that she was supportive of an integrative approach to the principles of the prenatal to three population into the strategic plan. She concurred with Chair Knabe’s perspective on this issue.

Commissioner Hurewitz commented that having been at the January planning meeting, the understanding was that there were several philosophical questions that required further assessment. The Commission recognized the needs of the prenatal to three population and through the creation of a framework, these needs could be addressed via the goals areas of the strategic plan.

Commissioner Lowe suggested using the work, “focus”, rather than the word, “initiative”, to avoid any future confusion in the direction that the Commission was to take regarding the integration of activities in the strategic plan for the prenatal to three population.

**ACTION TAKEN:**

Approval for staff to proceed with the planning and development of a comprehensive prenatal to three focus for integration into the three goal areas of the Next Five Strategic Plan.

*M/S (Neal Kaufman / Carolyn Wilder) APPROVED AS RECOMMENDED*

**PRESENTATION:** Next Five Strategic Plan

Morley Winograd, Strategic Plan Consultant, provided the Board with a revised timeline and format for the Next Five Strategic Plan. These revisions included a four month extension (December, 2003 to April, 2004) to allow for the inclusion of new prenatal to three activities into the strategic plan framework.

The following three-month timeline outlined the tasks to be done for the completion of the Next Five Strategic Plan. The Commission would be receiving progress reports as noted below.

- **Commission Meeting: February 12, 2004**
  - Review new framework for Next Five
  - Adopt timeline
  - Review existing allocations

- **Commission Meeting: March 11, 2004**
  - Review Outline of Next Five Strategic Plan
    - Revised goal statements
    - Objectives for each goal
    - List of initiatives and their relationship to objectives
    - Approve objectives/initiatives matrix

- **Commission Meeting: April 8, 2004**
  - Public hearing on proposed plan
  - Commission approval of Next Five Strategic Plan

12. Public Comment

Enrique Juarez, Community Health Councils

**ADJOURNMENT**

The meeting adjourned at 3:50 p.m.
The next Commission meeting is scheduled for:

March 11, 2003 at 1:30 p.m.
Multi-Purpose Room
333 S. Beaudry Avenue, Suite 2100
Los Angeles, CA  90017

Meeting minutes recorded by Maria Romero.