CALL TO ORDER / ROLL CALL

1. Chair Gloria Molina called the meeting to order at 1:40 p.m.

CONSENT CALENDAR: (Items 2 – 3)

2. Approval of Commission Meeting Minutes – September 8, 2005

   M/S (Nancy Au / Neal Kaufman) APPROVED AS RECOMMENDED

3. Approval of Monthly Financials

   M/S (Nancy Au / Neal Kaufman) APPROVED AS RECOMMENDED

COMMISSION: (Items 4-12)

4. Announcements by the Chair

   RECEIVED
5. Executive Director’s Report

**RECEIVED AND FILED**

In addition to the written report, Executive Director Martinez commented on the following Commission-related issues.

- **Children’s Health Initiative (CHI)** – The Children’s Partnership, Children Now, and PICO California along with six other well-respected organizations filed a ballot measure that would raise an estimated $350 million to fund health insurance for uninsured children in California. The proposed measure for the November 2006 ballot, raises cigarette taxes $1.50 per pack to fund health insurance for children not currently eligible for Medi-Cal. Additionally, the proposed measure includes funding to streamline and strengthen California’s insurance programs from children in low-income and working poor families.

- **City of Los Angeles** – Mayor Antonio Villaraigosa announced his proposed involvement with the Children’s Health Initiative at the press conference he held on October 6, 2005 to discuss his first 100 days in office. Mayor Villaraigosa announced that he would be working with the CHI and would raise $35 million so that every child in Los Angeles could have health care coverage. Mayor Villaraigosa also challenged his fellow Mayors across the County to join him in this effort.

6. Approval of the 2004-2005 Audit Report from Macias Gini & Company

Finance Director Bellanca presented the independently audited financial statements and audit report of First 5 LA. The audit report offers key high-level financial information about the financial activities of First 5 LA. The audit report presented to the Commission included the independent auditor’s opinion that the financial statements present fairly in all material respects the financial position of First 5 LA as of June 30, 2005 and the results of its financial activity for the year ended June 30, 2005.

While the Auditors did not note any material weaknesses in internal controls over financial reporting and operations, in their Management Letter they did note areas of the internal control process that could be improved. First 5 LA appreciates the recommendations made by the Auditors and concurs with them.

**M/S (Nancy Au / Carolyn Wilder) APPROVED AS RECOMMENDED**

7. Approval of the 2004-2005 Annual Report to First 5 California (State Commission)

Public Affairs Director Abalos presented the 2004-2005 Annual Report to the Commission. Each year staff prepares two versions of the Annual Report: 1) a report to the State Commission that provides fiscal and programmatic information in response to a Commission-designated template, and 2) a “user-friendly” report that is distributed to all First 5 LA stakeholders and includes the Commission’s annual financial report, as well as significant activities and accomplishments for the year.

**M/S (Renatta Cooper / Carolyn Wilder) APPROVED AS RECOMMENDED**
8. Approval of the Funding Request from the March of Dimes in the Amount of $25,000 for Professional Conference Sponsorship

Public Affairs Director Abalos presented the funding request from the March of Dimes for conference sponsorship. According to the proposal submitted by the March of Dimes, the conference addresses the First 5 LA priorities based on the Strategic Plan and initiatives. More specifically, the conference offers discussions and shared learning opportunities that resonate with very specific initiatives including Healthy Births and the Prenatal Through Three Focus Area.

As presenting sponsors, the conference also offers First 5 LA the opportunity to distribute outreach materials, incorporate the event into our PR strategies, prominently display First 5 LA signage and engage in discussions with current and potential strategic partners.

Commissioner Kaufman commented that although he is supportive of the funding request, he would have liked to have seen more public relations associated with this event.

Commissioner Williams requested a copy of the funding criteria used by First 5 LA in making this recommendation to the Commission.

M/S (Renatta Cooper / Nancy Au) APPROVED AS RECOMMENDED

9. UPDATE: Los Angeles Universal Preschool

Chair Molina welcomed Graciela Italiano-Thomas, LAUP Chief Executive Officer, and Gary Mangiofico, Chief Operating Officer. Dr. Italiano-Thomas, provided an update of the current LAUP activities and the progress made regarding the motion Chair Molina made at the July 21, 2005 Commission meeting.

Dr. Italiano-Thomas stated that the LAUP Board of Directors Personnel Committee met on August 25, 2005 to fully examine the LAUP organizational chart and corresponding staff salaries. LAUP staff presented the Committee a salary survey of like positions in the community. The Committee felt it would be beneficial to expand the salary survey presented and search for an already existing salary survey in the field. The committee would then look at both surveys in order to agree upon salaries. The Committee reiterated the importance of not solely looking at the base salaries and to acknowledge that current LAUP benefits are extremely low. The entire offering to LAUP prospective candidates is much lower than the organizations that were included in the salary survey. The committee requested a paper written that would iterate the reasoning and key issues regarding the level of staff LAUP is recruiting that would be submitted to the Board in October.

Following the Personnel Committee meeting, at the September 1, 2005 LAUP Board of Directors meeting, a summary of the Personnel Committee meeting was presented to the Board by Lea Butterfield, former Chair of the Personnel Committee, who stated that the Committee agreed to expand the search on salary surveys. Discussion ensued wherein the Board asked what LAUP staff is encountering as they are trying to hire more staff. Dr. Mangiofico stated that the fully loaded compensation package offered is low for some key positions and it is very difficult to attract people that are highly qualified. Two candidates have declined offers because we cannot offer them what they are currently earning. The point was made that comparisons with charitable organizations are directly relevant with those of government organizations, but if we are comparing LAUP to government...
Dr. Italiano-Thomas further reported that at the October 6, 2005 LAUP Board of Directors meeting, an update on the compensation package review was provided by LAUP staff. Pursuant to the Personnel Committee’s request from August 25, 2005 a paper was presented for their review entitled, “Los Angeles Universal Preschool Operational Design, Development, and Implementation and the Relationship to Human Capital”. At this time it was reported to the Board that LAUP has been unable to identify any specific salary surveys that the Personnel Committee had recommended, and that executive management now deemed it necessary to contract an outside firm to provide an independent compensation packages analysis for determining salary equity and competitiveness to fulfill the request from the Personnel Committee. It was reported to the Board that a RFP for a compensation study has been requested from Vivient Consulting, Public Sector Personnel Consultants, and Segal Company. As of Monday October 10, 2005, a proposal from Public Sector Personnel Consultants had been received and receipt of the others by Friday October 15, 2005 is anticipated. In addition, proposals have been requested from Lucille Freedman Financial Services, Irene Smith Financial Services, Merrill Lynch, Oppenheimer Fund, and Transamerican for recommendations on a retirement benefit to be added to the benefits package. These proposals are also anticipated to be delivered by October 15, 2005.

Once received all proposals will be reviewed and executive management will select consultants to conduct an independent fully-loaded compensation package study and develop a proposal for the Board to add a retirement plan to the employee benefits packages.

Commissioner Au expressed concerns about prolonging the process and agony of resolving the issue pertaining to compensation. Dr. Italiano-Thomas commented that LAUP was having difficulty filling positions because of the simplified fringe benefits package being offered.

Commissioner Au questioned why the benefits package was not being enhanced to attract more candidates. In her view, Commissioner Au did not fully understand why the augmentation of salaries was being done to balance a poor benefits package.

Dr. Mangiofico commented that the Personnel Committee had reviewed several compensation studies that did not adequately reflect the organizational composition of LAUP. As a result, the LAUP Board requested that LAUP conduct its own compensation study.

Chair Molina asked what would happen if the compensation study resulted in LAUP salaries being paid well above industry median. Chair Molina commented that it would not be appropriate for salary reductions to be done of staff who were currently hired. As such, if the compensation study found that current LAUP salary ranges were too high, the changes placed into effect as a result of the study would only impact new hires. And, if the fringe benefits package was augmented, then these employees would be further rewarded over the new hires.

Commissioner Au expressed additional concerns over the lengthy process. The proposed compensation study would range from six to eight weeks. Commissioner Au felt that the more monumental challenge at hand was the roll-out of funding to LAUP preschool sites for the provision of much needed services.

Chair Molina thanked Dr. Italiano-Thomas and Dr. Mangiofico for their presentation.
10. UPDATE: Special Planning Meeting

On September 26, 2005, a Special Planning Committee Meeting was held to consider fiscal and programmatic priorities for the remaining funds under the Next Five Strategic Plan. This meeting was a result of the May 2\textsuperscript{nd} Budget Workshop and the July 26\textsuperscript{th} Planning Committee Meeting where Commissioners directed staff to prepare a discussion paper on possible fiscal and programmatic priorities.

Staff presented the discussion paper that outlined guiding principles, priorities, and criteria for the Commission's current and sunsetting investments at the September 26\textsuperscript{th} meeting. In addition, staff presented three examples of how remaining funds could be expended based on the priorities and criteria presented in the paper. Using these examples as a framework, Commissioners, staff and members of the public worked in teams to explore options. The community teams were asked to present these options allowing the Commission to consider public input.

Several areas of convergence emerged from the Commissioner teams. These areas include:

1) All groups felt that monies should continue to be targeted to the Prenatal through Three population;
2) All groups recognized the importance of activities that would tie together and advance Commission investments, such as the programmatic strategies, data, and policy/advocacy; and,
3) All groups felt that some Commission money should be flexible and allow for innovative approaches.

As a next step, Commissioners requested that staff more clearly define activities under several funding priorities, including innovation/flexibility, data, policy/advocacy, capacity building, systems improvement, and sustainability. To that end, a follow-up meeting is scheduled for Monday, October 31\textsuperscript{st}. Staff will present the definitions and clarification of the priorities discussed at the September 26\textsuperscript{th} Planning Meeting as requested by Commissioners with the goal of submitting an action item for consideration at the Commission Meeting of November 10, 2005.

11. Public Comment

None.

ADJOURNMENT

The meeting adjourned at 3:01 p.m.

The next Commission meeting is scheduled for:

November 10, 2005 at 1:30 p.m.
Multi-Purpose Room
750 N. Alameda Street
Los Angeles, CA 90012

Meeting minutes recorded by Maria Romero.