
Executive Committee Minutes

Friday, May 22, 2009

9:00 AM – 10:30 AM

1100 San Leandro Blvd.

Conference Room E

COMMISSIONERS PRESENT: Chair: Pamela Simms-Mackey, M.D., Vice Chair: Helen Mendel, CMD, Alex Briscoe

STAFF PRESENT: Janis Burger, Mark Friedman, ZeeLaura Page, Patricia Zapanta

Chair Pamela Simms-Mackey called the meeting to order at 9:00am.

AGENDA ITEM

1. Public Comment

There was no public comment.

2. Approval of Minutes from March 20, 2009 meeting

Executive Committee Action: The Executive Committee approved the minutes from March 20, 2009 upon motion by Vice Chair Helen Mendel seconded by Commissioner Alex Briscoe and unanimously carried (3 in favor, 0 opposed).

3. ACERA Update – Information

Patricia Zapanta, Acting Director of Finance and Administration presented the ACERA update to the Executive Committee.

She stated that there will be an increase in ACERA employer rates that will affect the overall First 5 Alameda County cost. She stated that First 5 Alameda County has prepared the 2009-10 budget using the scenario with the 20.6% rate, which increases the total benefits rate from 43% to 50%.

She stated that the total benefits cost percentages has been calculated at 43% for the last three years and that because salaries and benefits are historically about 15% under budget in any year, First 5 has not exceeded the 43% projection in any year. However, when closely reviewed, the 2007-08 actual expenses and the 2008-09 estimates are running closer to 44%.

Ms. Zapanta stated that this item will impact the budget. The fund lost approximately 40% and other retirement programs are experiencing the same scenario. She stated that since it is not known which rate ACERA will select, in order to prepare the budget, First 5 is using the 20.6% rate.

Vice Chair Mendel recommended highlighting the actual dollar amount of the increase for 2009-10 in the document for the Commission.

4. 2009-10 ACERA 401(h) authorization – Action

Patricia Zapanta, Acting Director of Finance and Administration presented the ACERA 401(h) authorization to the Executive Committee.

She stated that in order for Alameda County Employees Retirement Association (ACERA) to provide tax-free health benefits to its retirees, it is required that participating agencies such as First 5 Alameda County establish and pay post retirement benefits through a 401(h) account. In 2007-08, the Commission authorized the establishment of such an account.

She stated that for 2009-10 (and every year), it is required that the participating member agencies of ACERA authorize the required contributions to the account. The required contribution is determined by ACERA's actuary, The Segal Company, and is calculated based on the number of retirees receiving benefits in 2009-10. First 5 Alameda County currently has one retiree receiving benefits. Based on the actuary, First 5's contribution for 2009-10 is \$8,206.83. The contribution per pay period is \$315.65.

Executive Committee Action: The Executive Committee recommended the 2009-10 ACERA 401(h) authorization to the full Commission for approval upon motion by Vice Chair Helen Mendel, seconded by Chair Pamela Simms-Mackey and unanimously carried (3 in favor, 0 opposed).

5. 2008-09 Third Quarter Financial Report – Information

Patricia Zapanta, Acting Director of Finance and Administration presented the 2008-09 Third Quarter Financial Report to the Executive Committee.

Ms. Zapanta reported that during the FY 2007-08 financial audit, the auditors determined that First 5 is required to go undergo a Single Audit, which is also known as the OMB A-133 audit. It is a rigorous, organization-wide audit of an entity that expends \$500,000 or more of Federal grants received for its operations. The audit was performed by Patel and Associates, First 5's independent auditor. The audit covered both financial and compliance components. The result of the audit was clean, with no material findings.

Ms. Zapanta stated that as of March 31, revenue was \$13,634,718, or 63.7% of the revenue projection, for the reasons outlined below. Being below the budget projection at this time of year is not unusual; at the end of the third quarter last year (March 31, 2008), the revenue was 46% received rather than 75%. She stated that the total Expenses are \$15,452,026, which is 55.11% of the budget amount of \$28,037,554. She stated that this amount is consistent with spending patterns from prior years; at the end of the third quarter last year (March 31, 2008), the budget was 59% spent rather than 75% spent.

6. 2008-09 Third Quarter Investment Report – Information

Patricia Zapanta, Acting Director of Finance and Administration presented the 2008-09 Third Quarter Investment Report to the Executive Committee.

Ms. Zapanta stated that the Investment Report shows the performance of funds that are invested in the Alameda County pool and with two outside money managers: MBIA Municipal Investors and Chandler Asset Management. She stated that as of March 31, 2009, the market value of the funds with MBIA and Chandler was \$39,968,650, an increase since the beginning of the fiscal year of \$1,740,749. She stated that the total Investment income after the reversal of the accrual was \$1,120,768.

She stated that she is working with the money managers to schedule a time for them to present at a Commission meeting. This will likely occur in September.

7. 2009-11 Budget Proposal – Final Presentation - Action

Patricia Zapanta, Acting Director of Finance and Administration presented the 2009-11 Budget Proposal to the Executive Committee.

She stated that on March 26, 2009, the First 5 Alameda County Commission approved the 2009-13 Strategic Plan and the budget for FY 2009-10. Since the Proposition 1D ballot initiative failed to pass on May 19, 2009, the budget proposal is for two years covering FY 2009-11. The second year budget will be amended in May 2010 to reflect changes in revenue and expenses for FY 2010-11.

She stated that the Revenue and Available Funding projection for 2009-10 is \$26,449,294 and the Expenses projection is \$26,449,294. She stated that pursuant to statute, First 5 costs must be segregated into Program, Evaluation and Administrative costs. The total level of Program, Evaluation and Administration spending is consistent with the 2009-13 Strategic Plan Funding Allocation proposal at the following levels: Program expenses budgeted at \$23,379,479, Evaluation expenses budgeted at \$1,340,836, and Administration expenses budgeted at \$1,728,979, for a total of \$26,449,294.

She stated that the budget has been balanced, per Commission authorization, with funds from the Sustainability Fund in the amount of \$7,331,729. She stated that based on trend data, the agency is projecting a 10.5% decline in tobacco tax revenue, incorporating 8.16% for SCHIP and 2.34% for the decline based on the economy. Ms. Zapanta presented detailed budget information for each program area.

She stated that the revised long range financial plan will be presented at the June Commission meeting incorporating these changes.

Executive Committee Action: The Executive Committee recommended the 2009-11 Budget Proposal to the full Commission for approval upon motion by Commissioner Alex Briscoe, seconded by Vice Chair Helen Mendel and unanimously carried (3 in favor, 0 opposed).

8. 2008-09 Contract Authorization - Action

Ms. Zapanta presented the 2008-09 Contract Authorization to the Executive Committee.

Ms. Zapanta stated that recommendation of a sole source contract with Alameda County Health Care Services Agency (ACHCSA) was being requested to manage the disbursement of \$125,000 to agencies for the Children's SART "No Wrong Door" funding as matching funds are committed and become available. This request revises and increases the original amount of the contract from \$100,000 to \$125,000. First 5 currently has a \$1,433,609 contract with ACHCSA for the Special Start program. The addition of a \$125,000 contract brings the aggregate contract amount to \$1,558,609 for which Commission approval is needed.

Commissioner Alex Briscoe left the meeting at 9:54am.

Executive Committee Action: The Executive Committee recommended the 2008-09 Contract Authorization to the full Commission for approval upon motion by Vice Chair Helen Mendel, seconded by Chair Pamela Simms-Mackey and unanimously carried (2 in favor, 0 opposed, 1 absent).

9. Adjournment

Chair Simms-Mackey adjourned the meeting at 10:30.