

North Los Angeles County Regional Center
Administrative Affairs Committee Meeting Minutes

February 22, 2017

Present: Jenean Glover, Bridget Moss, Lou Paparozzi (via teleconference), and Todd Withers – Committee Members
Roger Bulosan - Guest
Orli Almog – VAC Representative
Diane Ambrose, Jennifer Kaiser, Michele Marra, Vini Montague, Kim Rolfes, and George Stevens – Staff Members

Absent: Dan Becerra and Debra Newman

I. Call to Order & Introductions

Jenean Glover called the meeting to order at 6:20 p.m. and introductions were made.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Revised Agenda

M/S/C (L. Paparozzi/T. Withers) To approve the revised agenda as presented.

B. Approval of Minutes from January 25th Meeting

M/S/C (T. Withers/L. Paparozzi) To approve the minutes as presented.

IV. Executive Session

- A. Legal
- B. Real Estate Negotiations
- C. Employment Matter
- D. Employee Salaries & Benefits

The committee went into executive session at 6:23 p.m. The executive session ended at 7:25 p.m. and the meeting continued.

V. Committee Business

A. FY 2015-16 Audited Financial Statements

The final version of the audited financial statement was not ready for the February 8th meeting, acceptance of the financial statements were deferred to this committee for their recommendation and then to the Executive Committee. Copies of the finalized audited financial statements were provided to the committee. Kim reported that the financial statements reflect the same dollar amounts as the statements that were presented at the board meeting.

M/S/C (T. Withers/B. Moss) To recommend to the Executive Committee to accept the audited financial statements, as presented, on behalf of the Board of Trustees.

B. CPA Presentation: IRS Form 990

The center files 3 different tax returns: the federal 990, the state 199, and the state attorney general RRF-1. These tax forms cover the period July 1, 2015 to June 30, 2016. Copies of the completed forms were provided and Mr. Bulosan reviewed them with the committee. Mr. Bulosan will attend the March 8th board meeting and present the tax returns to the full board.

M/S/C (T. Withers/L. Paparozzi) To recommend to the Board of Trustees to accept the center's completed tax returns for FY 2015-16, as presented.

C. Financial Report

The center's operations budget is currently \$48,909,218 with no surplus or deficit projected. The purchase of service (POS) budget is \$376,743,203 with a projected deficit of \$6,748,774. Year to date, the center's operating costs are at 13.3%, which is under the 15% cost cap.

D. Intermediate Care Facility (ICF) State Plan Amendment (SPA) Summary

By fiscal year, the amount of cash disbursed by NLACRC but not reimbursed by ICF providers is:

1. FY 2016-17: \$2,314,005
 2. FY 2015-16: \$ 181,075
 3. FY 2014-15: \$ 5,094
 4. FY 2013-14: \$ 0.00
- Total: \$2,500,174

This is \$469,752 less than what was reported last month. The report now includes information pertaining to the ICF/SPA outstanding receivables, as was requested by the committee at last month's meeting.

E. Change in the Sufficiency of Allocation Report (SOAR)

Kim presented an analysis of the center's SOAR based both on maximum and minimum expenditures. Kim shared the changes that have been made since the original forecast, which were:

1. A decrease of \$104,940 in the expected ICF/SPA revenue.
2. A decrease in the POS forecast of \$1,356,637.

F. 2nd Quarter Financial Graphs

The graphs show how the center's POS deficit changed for the first 2 quarters of FY 2016-17 in the best case and worst case. There was no deficit reflected in the first quarter because we had not yet completed our first SOAR. Starting in October 2016, we began to report a deficit between \$1.4 and \$8.2 million. At the end of the 2nd quarter (December 30th), the POS deficit was ranging between \$608,000 and \$6.7 million.

G. ARCA POS Expenditure Report, dated January 10, 2017

According to the most recent report, 13 of the 21 regional centers are projecting a potential POS surplus (in the best case) for this fiscal year; the other 8 centers are projecting POS deficits. The total statewide deficit is between \$8.7 and \$43.9 million. The report also shows where each regional center is in relation to one another's POS budgets in the following categories:

1. Projected POS deficit: NLACRC is 3rd
2. Per capita by allocation: NLACRC is 12th
3. Per capita by expenditures: NLACRC is 12th
4. Percent deficit to contract: NLACRC is 8th
5. Percent change to original SOAR: NLACRC is 9th

H. Joint Legislative Budget Committee

On February 1st, the Department of Developmental Services (DDS) sent a letter to the Joint Legislative Budget Committee with their supplemental budget information, which included statistics from each of the 21 regional centers in the following categories:

1. FY 2015-16 total and per capita expenditures for operations and POS, including the number of consumers being served.

2. FY 2016-17 allocations of total and per capita funding for operations and POS, including the number of consumers being served.
3. FY 2015-16 and FY 2016-17 allocations of community placement plan funding, including a breakdown of funding for start-up, assessment, placement, and deflection.
4. Staff information.

Copies of the letter and attachments were provided to the committee for their information.

I. 2nd Quarter Post-Retirement Medical Trust (PRMT) Transactions

During the 2nd quarter of this fiscal year, the center paid \$6,928 in ongoing fees and \$17,021 in investment management fees for a total of \$23,949. Attached to the report was an explanation of the trust fees and how they are calculated.

J. Credit Line

Forrest Riopelle, of City National Bank (CNB), is in the process of working on the center's credit line for FY 2017-18. Currently, CNB is assessing the continuation of the bridge credit line, which is the temporary increase in the center's credit line at the beginning of each fiscal year. During FY 2016-17, NLACRC's credit line temporarily increased from \$30 million (the "annual credit line") to \$58 million effective July 1, 2016 (the "bridge credit line") and then decreased to \$30 million (the "annual credit line") once the state budget was passed. During 2010, Proposition 25 was passed that changed the requirement for the state's budget to be passed by a two-thirds vote of the state's legislature to a majority vote by the state's legislature. Further, the Proposition provided that the state's legislators would forfeit their pay in years when the state legislators failed to pass a budget in a timely fashion. Since this legislative change, the state's budget has passed on time and the center has not needed to access its bridge credit line during the beginning of our fiscal year. During the past six years, on a few rare occasions, the center has had to access its credit line during the latter part of its fiscal year when DDS did not have sufficient federal cash reimbursements to pay regional centers in full for their claims. Currently, CNB incurs a cost to increase the credit line from \$30 million to \$58 million, for a bridge credit line amount that the center has not utilized at the beginning of the fiscal year. As such, for these reasons, CNB may choose to discontinue the practice of providing a bridge credit line to the center at the beginning of our fiscal year, once CNB completes their assessment. However, Forrest reported to Kim that CNB would continue to provide the annual credit line and indicated

that CNB would be willing to consider increasing the center's annual credit line from \$30 million to \$35 million effective July 1, 2017 so that NLACRC would have access to sufficient funds to cover one month of expenditures. Once CNB has completed their assessment and has provided the credit line documents to NLACRC, Kim will bring them to this committee for review.

K. Contracts for Review and Recommendation

1. Elwyn California (Mayall)
2. Tiger Tail Adult Home 3
3. Compassion Group Homes
4. Pleasantview Industries, Inc. (055)
5. Pleasantview Industries, Inc. (880)
6. Glen Park at Valley Village
7. Free to Be Programs
8. Community Options, Inc.
9. Evelin Garcia, Psy.D.
10. Service Provider Rates

Kim provided written and verbal summaries for each of the 10 contracts listed above.

M/S/C (B. Moss/T. Withers) To recommend to the Board of Trustees to approve the 10 contracts, as presented.

L. Executed Contracts by NLACRC

1. The Office Relocation - *no report*
2. AB 1522 (Sick Leave)
3. Minimum Wage Increase - *no report*
4. 5.82% Rate Increase
5. AB X2-1

Summaries of the executed contracts were provided to keep the committee up to date on contracts in these areas that have been executed since the report at last month's committee meeting.

M. Human Resources Report

Copies of the summary were provided and reviewed. The summary included the following information:

1.	FY 2016-17 authorized positions	479
2.	Open positions on hold	-0
3.	Open positions vacant	-49
4.	Separations	-4
5.	Sub-total	426
6.	New hires	3
7.	Positions filled	429

Michele added that we are interviewing for the open deputy director and 2 consumer service director positions. Also, we have 13 pending hires for March 1st, 12 of which are service coordinator positions.

VI. Items for the Next Board Meeting

The following items were identified for the committee's section of the March 8th board meeting agenda:

- A. CPA Presentation of IRS Form 990
- B. Minutes of the February 22nd Meeting
- C. Financial Report
- D. 2nd Quarter Financial Graphs
- E. Approval of Contracts

VII. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, March 29th, at 6:00 p.m.

VIII. Adjournment

M/S/C (B. Moss/T. Withers) To adjourn the meeting at 8:15 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

