



FIRST 5 ALAMEDA COUNTY COMMISSION MEETING AGENDA

Thursday, January 8, 2015

**First 5 Alameda County
1115 Atlantic Ave.
Alameda, CA 94501
Conference Room A**

12:00PM – 1:00 PM

Commissioners: *Chair:* Pamela Simms-Mackey M.D., *Vice Chair:* Ricky Choi, M.D., Alex Briscoe, Wilma Chan, Lori Cox, Cecilia Echeverria, Renee Herzfeld, Helen Mendel, CMD, Deborah Roderick Stark

- 1. Public Comment (for items not listed on the agenda) - Limited to 3 minutes per speaker**
- 2. Approval of Minutes from September 25, 2014**

CONSENT

- 3. FY 2014-15 1st Quarter Financial Report**
- 4. FY 2014-15 1st Quarter Investment Report**
- 5. Investment Policy Recommendation**

INFRASTRUCTURE

- 6. Contract Authorizations**
- 7. Cost of Living Adjustment Recommendation**

PROGRAM

- 8. Approval of State Report**

MISCELLANEOUS

- 9. Communication from Commissioners**
- 10. Adjournment**

Information about the First 5 Conference Center

- The First 5 Conference Center is wheelchair accessible. Please notify us 3 business days in advance if you need special assistance so we can make reasonable arrangements to ensure accessibility.
- Please refrain from wearing strongly scented products to the Conference Center in consideration of those who may experience chemical sensitivities.



FIRST 5 ALAMEDA COUNTY COMMISSION MEETING AGENDA

Thursday, September 25, 2014

**First 5 Alameda County
1115 Atlantic Ave.
Alameda, CA 94501
Conference Room A**

9:00 AM – 11:30 PM

Commissioners: *Chair:* Pamela Simms-Mackey M.D., *Vice Chair:* Ricky Choi, M.D., Alex Briscoe, Wilma Chan, Lori Cox, Cecilia Echeverria, Renee Herzfeld, Helen Mendel, CMD, Deborah Roderick Stark

Commissioners Absent: Alex Briscoe, Lori Cox, Wilma Chan

The meeting began at 9:10am with Chair Pamela Simms-Mackey calling the meeting to order.

1. Public Comment (for items not listed on the agenda) - Limited to 3 minutes per speaker

There were no public comments.

2. Approval of Minutes from June 26, 2014

Commission Action: The Commission approved the June 26, 2014 minutes upon motion by Commissioner Mendel, seconded by Commissioner Simms-Mackey with Commissioner Roderick-Stark abstaining and unanimously carried (4 in favor, 0 opposed 1 abstain).

3. Staff Announcements

Carla Keener, Senior Administrator announced that on September 29th Project LAUNCH funding will be ending. She stated that First 5 Alameda County held a Family Child Care reunion of 80 providers over the weekend. Ms. Keener stated that there was a celebration on September 24th at Room to Bloom in efforts of raising awareness of early childhood in East Oakland. She concluded by announcing that there will be a video presentation on Project LAUNCH at the December Commission Meeting. Ms. Keener wanted to note that the Help Me Grow phone line recently hit an important milestone, reaching 5000 child specific referrals since its launch in October 2009.

INFRASTRUCTURE

4. FY 2013-14 Financial Audit Presentation (Patel & Associates)

Mark Rasiah, Financial Controller introduced Ramesh Patel, a Partner from Patel & Associates who conducted the financial and compliance audit. He reported that there were no exceptions and no deviations to report. The audit was conducted in accordance with government audit standards and he said overall results were good.

Chair Pamela Simms-Mackey thanked staff for another clean audit.

Commission Action: The Commission approved the Financial Audit upon motion by Commissioner Choi, seconded by Commissioner Roderick-Stark and unanimously carried (5 in favor, 0 opposed).

At 9:16 am Mr. Rasiah requested to move to contract authorizations first, due to presenters not yet having arrived.

5. Investment Advisor Presentation (Cutwater Asset Management)

At 9:26am David Whitthohn presented on behalf of Cutwater Asset Management.

At 9:30am Commissioner Herzfeld arrived.

Mr. Whitthohn gave an update on the current state of the economy around inflation, mortgage rates, gross domestic product and described federal efforts to stimulate the economy. He described it as steadily improving over the past 4 years. This translates to low interest rates for fixed income portfolios such as that of First 5 Alameda County. He projects it will remain low for another year.

Mr. Whitthohn stated that he is preparing the profile for rising interest rates. Currently the portfolio is around \$13m. He is working on shortening the portfolio for a better return. He describes a balancing act as they wait for better interest rates.

6. Contract Authorizations

Christine Hom, Grants and Contracts Administrator presented the contract authorizations.

Commissioner Roderick-Stark asked about the purpose for the VIVA contract. Malia Ramler, Senior Administrator responded that the demand for quality rating will be increasing as Race to the Top (RTT) sunsets. The Viva contract is to assist with strategic program planning for after the RTT funding ends.

There was a request for the total amount of all contracts. Ms. Hom answered that she could calculate by end of the meeting and that all contracts were budgeted for.

Chair Simms-Mackey facilitated the vote for the following contracts:

- UniversityNOW (UNOW)
Commission Action: The Commission approved the UniversityNOW contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).
- Andrea Youngdahl
Commission Action: The Commission approved the Andrea Youngdahl contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).
- Public Consulting Group (PCG)
Commission Action: The Commission approved the Public Consulting Group contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).

- Rackspace
Commission Action: The Commission approved the Rackspace contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).
- Through the Looking Glass (TLG)
Commission Action: The Commission approved the Through the Looking Glass contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).
- Consulting for Community
Commission Action: The Commission approved the Consulting for Community contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).
- VIVA Strategy + Communications
Commission Action: The Commission approved the VIVA Strategy + Communications contract upon motion by Commissioner Mendel, seconded by Commissioner Choi and unanimously carried (6 in favor, 0 opposed).

Commissioner Mendel facilitated the vote for the following contracts:

- Children’s Hospital and Research Center at Oakland (CHRCO)
Commission Action: The Commission approved the CHRCO contract upon motion by Commissioner Roderick-Stark, seconded by Commissioner Herzfeld with Chair Simms-Mackey and Choi abstaining from the vote (4 in favor, 0 opposed, 2 abstained).

PROGRAM

7. Trauma Informed Care Presentation

Janis Burger, CEO announced that there was a brief discussion at the June Commission meeting that touched on self-regulation and that today’s presentation would continue this topic through a look at Trauma Informed Care. The goals stated for the presentation are - Learning about current trainings on Trauma Informed Care, learning about what it is, and discussing how we can work cross agency to further develop capacity building efforts.

Ms. Burger introduced Tracy Hazelton, Prevention Manager at Alameda County Behavioral Health (ACBH). Ms. Hazelton described trauma as negative experiences – one-time events or chronic conditions - preventing people from coping; this could be manifested as depression or in other ways. Typically trauma is described as the shattering of basic life assumptions.

Ms. Hazelton described Trauma Informed Care as efforts to not re-traumatizing clients. The aim is in five areas: Safety, Trustworthiness, Choice, Collaboration and Empowerment. Being trauma informed is operationalizing all of these at an agency and/or system level.

Trauma Specific Care, on the other hand, is described as evidence based practice. It is a method of treatment for traumatized clients. Ms. Hazelton presented a curriculum titled Seeking Safety. She also described vicarious trauma care for staff.

Ms. Ramler asked for Ms. Hazelton to share the efforts of Alameda County Behavioral Health in this area. Ms. Hazelton spoke about the Alameda County Trauma Informed Care website developed by ACBH, she also discussed the Positive Youth Justice grant, along with a partnership with SF Health dept to create a bay area hub and she shared that she is working on a county standardized training on Trauma-informed Care.

Ms. Ramler shared what First 5 Alameda is currently doing in the area of Trauma-informed care in regards to capacity building. Training @ First 5 is bringing Dr. Nadine Burke to train on this topic. Other efforts include Touchpoints for childcare providers, home visitors and other caregivers, Shelter Learning Communities and Fathers Corps are also described as places Trauma Informed Care is being supported. Ms. Ramler asked commissioners for input on how to grow in the area of Trauma Informed Care.

Commissioner Choi responded that in the pediatric community they are working on toxic stress which could be added to this conversation. He described the effects on early childhood – lack of sleep, eating poorly, and long term health effects that can result.

Commissioner Roderick-Stark responded that she appreciated the connection to Touchpoints and asked if Center on the Social and Emotional Foundations for Early Learning (CSEFEL) is included in these efforts. Ms. Ramler replied that we are very actively building capacity in this area.

Commissioner Echeverria said she appreciated the parenting component. She asked about what efforts would be put for parents who recognize the effects of trauma in their own lives. Ms. Hazelton replied that there are resources parents can be connected with. Ms. Ramler introduced Carla Keener, Senior Administrator to further this discussion.

Ms. Keener spoke about societal trauma as an additional facet of Trauma Informed Care, specifically in the area of black males. Ms. Keener presented on the need for looking at families and care through the lens of fathers, gender and race.

Commissioner Echeverria asked to what extent these principles are included into the current home visiting program. Ms. Keener replied that there are tenants and evidenced based practices currently utilizing this framework. Ms. Ramler also discussed the need to develop common vocabulary.

Rita Lang, from Alameda County Public Health Department Home Visiting responded that a big piece is containment of existing trauma, through training and systematic intervention. She stated that Ujima and other culture specific groups are working on this as well. Deborah Bremond, from UCSF Benioff Children's Hospital Oakland, spoke about the need to assist parents with understanding their own trauma stories in order for them to better understand their children. Ayannakai Nalo, Early Intervention Service provider from UCSF Benioff Children's Hospital Oakland, announced that practitioners should really push this forward through asking specifically about trauma without re-traumatizing but not ignoring needs.

Commissioner Roderick-Stark responded in agreement, while also mentioning that we can't expect all early childhood providers to be professionals in this area and that referrals to Trauma Specific Care

providers should be made. She also mentioned a book titled *Understanding Early Childhood Mental Health* as a resource on this topic.

Commissioner Simms-Mackey spoke on Trauma Informed Care as a need to be similar to cultural informed care – as a component under everything First 5 Alameda does. Ms. Simms-Mackey also mentioned the need for provider care and working on vicarious trauma.

8. State Commission and Association Updates

Ms. Burger stated the next State Commission Meeting will be on October 22nd. The First 5 Summit is occurring Sep 29-Oct 1 in South Lake Tahoe. Several staff will attend and present. Ms. Burger also announced that February 10-12 First 5 California will hold a half day conference in Sacramento. Ms. Burger stated that there is a commissioner specific component and asked that some commissioners attend, if possible. Commissioner Simms-Mackey requested the date of this event as soon as possible. These will be emailed to all.

Ms. Burger announced that First 5 California and the Lucile Packard Foundation will be funding Help Me Grow California, providing funding to hire a position through the First 5 Association. The First 5 Association has identified four policy areas of focus: Universal Screening, Early Learning Quality, Oral and Vision Health and Family Support (0-3).

Ms. Burger also stated that the First 5 Association has been approached by ReadyNation around a potential partnership. They want to look at ways to work with First 5, chambers and wanting to leverage national initiatives.

Ms. Burger concluded by stating that the First 5 Association along with several First 5 county commissions - Los Angeles, Orange and Alameda are submitting public records requests to the Board of Equalization, with a stand to gain \$538,000 in return. Orange County considered filing a lawsuit, but have decided against it for now with this being the first step. The letters will be submitted from our lawyers soon.

Commissioner Mendel recommended that additional counties sign on this letter to gain support on this very important topic.

9. Legislation and Public Policy Updates

Governor Brown submitted a letter of intent for a development grant, bringing \$35m to CA early childhood. Bay Area First 5's submitted a collaborative application to the state for intent to participate in this grant. There were 200 applicants. Results should be in soon.

Ms. Burger announced that the State will be releasing an RFP at the end of the month to expand QRIS for state funded preschools.

Ms. Burger concluded by announcing that behavioral treatment for Autism is now a Medi-Cal benefit. Also that AB357 bill for a Medi-Cal Children's Advisory Panel was recently signed by the governor. Commissioner Choi stated that they are transitioning the Healthy Families Advisory Group that is now being renamed under this bill.

MISCELLANEOUS

10. Communication from Commissioners

- Review of 2015 Commission Meeting Calendar
ZeeLaura Page announced that the calendar was emailed to all commissioners for review and that they each have hard copies in their packets. She stated that there were several conflicts with the February date. Commissioners confirmed that the February 26th date would work best for the February meeting. Ms. Page will send out the final calendar to commissioners.

11. Adjournment



To: First 5 Alameda County Commission

From: Mark R Rasiah, Financial Controller

Date: December 11, 2014

Subject: First Quarter Financial Report for July 1 – September 30, 2014

REQUESTED ACTION

To review the Financial Report for the first three months of FY2014-15.

BACKGROUND

This narrative and the attached statements report Revenues and Expenses for the period July 1 – September 30, 2014. With 25% of the fiscal year complete, it is reasonable to expect both revenues and expenses to be at 25% of the budget projection, subject to timing lags. While this is the case with most of the budgeted items, material exceptions are noted below.

Revenue

As of September 30, total first quarter revenues were \$4.56m, or 23% of the revenue projection for the year. Of this amount:

- Tobacco Tax receipts were in line with budget expectations for the first three months of the fiscal year, and were nearly equal to the amount received in the corresponding period in the prior year.
- Inter-agency Income was budgeted at \$1.246 million, all of which is expected to be received in the next three quarters of the fiscal year.
- The Federal Grants Budget represents the reimbursable amount from the Race To The Top Early Learning Challenge Grant, from the CA Department of Education. We have received a quarter of the funds budgeted for the current fiscal year.
- A Private Grant from the Long Foundation to expand some school readiness sites was budgeted, and all funds were received during the quarter.

- Revenues for Medi-Cal Administrative Activities (MAA) were budgeted at \$0.7m for FY 2014-15, in keeping with prior years. The reimbursement is based on expenditures incurred in FY 2013-14 and the invoicing is expected to be completed in February 2015.
- Investment revenue of nearly \$0.1m represents nearly 21% of conservative budget projections.
- Sustainability funds from the First 5 Alameda County Sustainability Fund reserve will be used to bridge the gap between actual revenues and expenses at year-end, to the extent authorized by the Commission. None was needed in the first quarter of this year.

Expenses

At \$2.14m, total Expenditure for the quarter was 11% of the budgeted amount of \$19.96m. This is about the same as the amount expended for the corresponding period last year.

Most line item expenditures are tracking well within or close to 25% of budget. Grant payments to Community Grantees are made according to a schedule of payments. At the end of the first quarter nearly 40% of scheduled payments had been made. Program operating costs and infrastructure costs are trending quite similarly to last year. Costs from the Infrastructure Budget will be allocated to all programs at year-end and will reflect a more complete picture of program costs at that point. Administration costs for the first quarter are under 10% of total expenditures.

Summary

Revenues are very much in line with the progression of the fiscal year. Expenses are expected to trend closer to budget as the year progresses.

Fiscal Impact

None.

REQUESTED ACTION

To review the Financial Report for the first three months of FY2014-15.

Submitted by:

Reviewed by:

Mark R Rasiah ,
Financial Controller

Janis Burger, Chief Executive Officer

First 5 Alameda County

Revenue and Available Funds
For the Period July 1, 2014 - September 30, 2014

Revenues	Budget	Actual	Variance	Percentage Received
Prop 10 Tobacco Tax	13,036,117	3,598,494	(9,437,623)	28%
Interagency Income				
- ACBHCS Early Connections(SAMHSA)	315,842	0	(315,842)	0%
- ACPHD Project LAUNCH (SAMHSA)	152,000	0	(152,000)	0%
- ACPHD Data Systems Infrastructure	50,000	0	(50,000)	0%
- ACSSA Parent Voices	165,000	0	(165,000)	0%
- ACPHD CHDP Linkage Line	343,065	0	(343,065)	0%
- CSU Eastbay Foundation (HPN)	81,840	0	(81,840)	0%
- First 5 Contra Costa	139,072	31,917	(107,155)	0%
Total Income from Alameda Co. Agencies	1,246,819	31,917	(1,214,902)	3%
Grants				
Federal- Race To The Top	1,418,378	354,594	(1,063,784)	25%
- Abt Associates	2,425	0	(2,425)	0%
State - CARES PLUS	279,117	0	(279,117)	0%
Private - Long Foundation	470,250	470,250	0	100%
- Koshland Foundation	100,000	0	(100,000)	0%
Total Grants	2,270,170	824,844	(1,445,326)	36%
Fiscal Leveraging				
MAA	700,000	0	(700,000)	0%
Total Fiscal Leveraging	700,000	0	(700,000)	0%
Investment Revenue	500,000	106,969	(393,031)	21%
Misc.Income	17,575	5,007	(12,568)	28%
TOTAL REVENUE	17,770,681	4,567,231	(13,203,450)	26%
Available Funds				
Sustainability Funds	2,194,319	0	(2,194,319)	0%
TOTAL REVENUES & AVAILABLE FUNDS	19,965,000	4,567,231	(15,397,769)	23%

Notes:

1. Prop 10 Tobacco tax revenues include the allocation for August and September, received in October and November.
2. Project LAUNCH funding ended September 2014 and the revenues represent just 3 months of expenditures.
3. Miscellaneous income is derived from renting office space.
4. Available funds represent the draw down from sustainability funds in order to maintain a balanced budget.

First 5 Alameda County
Budget Vs Actual Expenses
For the Period July 1, 2014 - September 30, 2014

Expenditures	Budget	Actuals	Variance	Percentage Spent
Personnel Costs	6,622,433	983,970	(5,638,463)	15%
Contracts	10,026,117	184,708	(9,841,409)	2%
Grants	1,990,700	797,392	(1,193,308)	40%
Professional Services Contracts	224,150	8,904	(215,246)	4%
Program Operating Costs	491,480	69,172	(422,308)	14%
Infrastructure Costs	610,120	104,631	(505,489)	17%
TOTAL EXPENDITURES	19,965,000	2,148,777	(17,816,223)	11%



To: First 5 Alameda County Commission
From: Mark R Rasiah, Financial Controller
Date: December 11, 2014
Subject: First Quarter Investment Report, July 1 – September 30, 2014

REQUESTED ACTION

To review the Investment Report for the first three months of FY2014-15.

BACKGROUND OF ACTIVITIES

The investment objectives of the First 5 Alameda County Agency are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all requirements that may be reasonably anticipated; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The performance objective of the First 5 Alameda County Agency portfolio is to earn a total rate of return that exceeds the total rate of return on a market benchmark index of 1-5 Year Government securities.

In 2005-06, First 5 Alameda County transferred \$34,000,000 from the Sustainability Fund held by the Alameda County Treasurer's investment pool to outside money managers. This report summarizes the activity and status of the investment portfolio as of September 30, 2014.

PORTFOLIO HIGHLIGHTS

The Investment Report shows the performance of funds that are invested in the Alameda County pool and with fund managers, Cutwater Asset Management and Chandler Asset Management and with Philanthropic Ventures Foundation. At the end of the last fiscal year (June 30th 2014), the total market value of the portfolio was \$30,420,589. In February 2014, a sum of \$5 million was transferred out of both fund manager holdings to Philanthropic Ventures Foundation, to fund a strategic collaboration initiative as authorized by the Commission on 21st March, 2013. There

were no other withdrawals during the first three months of FY 2014-15. The market value of the combined portfolios as of September 30th 2014 is \$30,385,857 at a cost of \$30,482,782.

RECENT ECONOMIC ACTIVITY

The first estimate of third quarter 2014 Gross Domestic Product (GDP) growth was 3.5% compared to the 4.6% growth reported for the prior quarter. The United States economy expanded each of the past two quarters, following negative growth in the first quarter. The year-over-year GDP growth rate is now 2.3 percent. In addition, the Institute for Supply Management (ISM) indices continue to show economic strength. The ISM Manufacturing Index climbed to 59.0 in October and the ISM Non-Manufacturing Index fell slightly to 57.1 from 58.6 the prior month. ISM levels above 50 indicate economic expansion.

EMPLOYMENT

The unemployment rate dropped to a six-year low of 5.8 % in October compared to 5.9 % in September. The continued decline in the unemployment rate reflects an increase in hiring at construction companies, factories and retailers. 214,000 jobs were added in October following a revised 256,000 increase in September. This marks the ninth straight month that employment gains exceeded 200,000. The underemployment rate, which includes part-time workers who would prefer a full-time position and people who want to work but have given up looking, dropped from 11.8 % to 11.5 %. This is the lowest underemployment rate since 2008. The labor force participation rate which measures the number of Americans employed or looking for a job as a share of the working-age population, increased to 62.8 % in October compared to 62.7 % in September.

CONSUMERS

Confidence among U.S. consumers increased in October exceeding initial projections. The Consumer Confidence Index climbed to a seven-year high of 94.5 in October from 89.0 in September. The increase was primarily due to consumers' improving outlook for the economy and labor market, as well as lower gasoline prices. Consumer spending, which accounts for almost 70 % of the economy, however, decreased 0.2 % in September after rising 0.5 % in August. An expected increase in seasonal hiring points to fourth quarter growth, however, with U.S. retail sales expected to rise over the holidays.

Housing

New home sales increased slightly by 0.2 % on a month-over-month basis in September, to reach an annualized rate of 467,000 compared to a revised 466,000 rate in August. Restrictive lending rules and lower earnings gains are most likely discouraging first time

buyers from stepping into the market. Existing home sales on the other hand, bounced back from a negative growth rate of 1.8 percent in August to grow by 2.4 percent in September, the highest level in a year. The total annualized rate of existing home sales was 5.17 million. Lower interest rates in October encouraged many homeowners to refinance existing mortgages.

MONETARY POLICY

The Federal Open Market Committee (FOMC) voted to conclude the quantitative easing program as labor-market conditions continue to improve, with solid job gains and a lower unemployment rate. After three rounds of quantitative easing, the Fed's balance sheet now exceeds \$4 trillion in assets. While the conclusion of quantitative easing was the next important step towards normalizing monetary policy, the FOMC maintains that interest rates may remain low for a significant period of time.

TREASURIES

At the end of October, the 3-month Treasury bill yielded 0.01 %, the 6-month Treasury bill yielded 0.05 %, the 2-year Treasury note yielded 0.49 %, the 5-year Treasury note yielded 1.61 %, the 10-year Treasury note yielded 2.35 %, the 20-year Treasury yielded 2.81 % and the 30-year Treasury yielded 3.07 %. The steepness in the yield curve decreased in the two to thirty year range. Nearly 55% of the First 5 Alameda County portfolio is invested in US Government securities such as treasuries.

COMMERCIAL PAPER

Commercial paper rates fell slightly in October, with the one-month rate decreasing by three basis points, and the three-month and six-month rates decreasing by one basis point.

INVESTMENT REPORT

Investment Income

Investment income is primarily derived from interest or yield payments on securities held in the investment portfolio. Typically, interest income from each security is received semi-annually. The money managers buy, sell and exchange securities consistent with the First 5 Alameda County Investment Policy in order to optimize overall yields.

Net investment earnings (net of fees) for the three months ended September 30, 2014 was \$97,741 and includes \$1,354 from the Alameda County Treasurer's pool.

Investment Fees

Fees include those levied by the money managers (Cutwater and Chandler) and the fees levied by the account custodian (Union Bank). The total fees paid during this period were \$9,228.

Investment Activity

The Investment Activity shows all transactions affecting our portfolio. A purchase of securities increases the value of the portfolio whereas the sale of securities decreases the total portfolio value and may result in a gain or loss on the transaction.

Market Value and Unrealized Gains and Losses

There was an unrealized loss of \$96,925 at the end of September. This is determined by comparing the Cost and the Market Value of the portfolio on that date. It implies that a loss would have been realized, had the portfolio been liquidated on September 30th. Since the portfolio was not liquidated, this section is for informational purposes only. Government entities are legally required (GASB 31) to report unrealized gains and losses on investments.

Yield Benchmarks

Investment yields are compared to the Local Agency Investment Fund (LAIF) yields in order to benchmark investment manager performance. Cutwater and Chandler’s annualized yields (0.79% and 1.00%, respectively) exceed the total rate of return (0.67%) on a market benchmark index of 1-5 Year Government securities.

The Alameda County Treasury Investment Pool is net of fees and has yielded a 0.57% annualized cash basis rate of return for the month of September.

FISCAL IMPACT

The total realized investment earnings at the end of the first quarter was \$106,969.

REQUESTED ACTION

To review the Investment Report for the first three months of FY2014-15.

Submitted by:

Reviewed by:

Mark R Rasiah,
Financial Controller

Janis Burger,
Chief Executive Officer

**First 5 Alameda County
Investment Report
For the Period July 1, 2014 - September 30, 2014**

	<u>Union Bank</u>	<u>Cutwater Asset Management</u>	<u>Philanthropic Ventures</u>	<u>Chandler Asset Management</u>	<u>Total</u>
INVESTMENT INCOME:					
Interest Received		45,720	3,138	56,757	105,615
Income from Alameda County Treasurer					1,354
Total Investment Earnings					<u>106,969</u>
Investment Fees Paid	(1,446)	(3,482)	0	(4,300)	(9,228)
Net Investment Income (Net of Fees)					<u>97,741</u>
		<u>Cutwater Asset Management</u>	<u>Philanthropic Ventures</u>	<u>Chandler Asset Management</u>	
INVESTMENT ACTIVITY:					
Portfolios - Cost Basis at 7/1/2014		12,591,762	4,979,424	12,849,403	30,420,589
Purchases		45,720	3,138	1,078,951	1,127,809
Sales		(16,243)	0	(1,049,373)	(1,065,616)
Maturities		0	0	0	0
Portfolios - Cost Basis at 9/30/2014		<u>12,621,239</u>	<u>4,982,562</u>	<u>12,878,981</u>	<u>30,482,782</u>
COST VS. MARKET VALUE: (9/30/2014)					
Portfolios at Market		12,595,201	4,982,562	12,808,094	30,385,857
Portfolios at Cost		12,621,239	4,982,562	12,878,981	30,482,782
Unrealized Gain (Loss)		<u>(26,038)</u>	<u>0</u>	<u>(70,887)</u>	<u>(96,925)</u>
YIELD AND BENCHMARKS: (annualized)					
Cutwater Asset Management					0.79%
Chandler Asset Management					1.00%
Local Agency Investment Fund (LAIF)					0.25%
Alameda County Treasurer's Pool					0.57%
1-5 Government Index					0.67%

**First 5 Alameda County
 Combind Holdings Report
 As of September 30, 2014**

<u>Holder</u>	<u>Asset Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Investment Type</u>	<u>Moody</u>	<u>S & P</u>
CHANDLER	FAMC	160,000.00	161,227.20	159,342.40	Other Fed Govt	Aaa	AAA
CHANDLER	FFCB BDS	160,000.00	160,000.00	158,536.00	Other Fed Govt	Aaa	AAA
CHANDLER	FFCB BDS	250,000.00	249,782.50	250,472.50	Other Fed Govt	Aaa	AAA
CHANDLER	FHLB Note	250,000.00	250,890.00	251,257.50	Other Fed Govt	Aaa	AA+
CHANDLER	FHLB Note	320,000.00	320,646.40	320,342.40	Other Fed Govt	Aaa	AA+
CHANDLER	FHLB Note	310,000.00	318,680.00	315,986.10	Other Fed Govt	Aaa	AA+
CHANDLER	FHLB Note	150,000.00	156,219.00	152,200.50	Other Fed Govt	Aaa	AA+
CHANDLER	FHLB Note	160,000.00	160,147.20	161,046.40	Other Fed Govt	Aaa	AA+
CHANDLER	FHLB Note	300,000.00	297,783.00	299,841.00	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	65,000.00	69,708.47	65,634.40	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	105,000.00	109,314.56	107,784.60	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	75,000.00	78,081.83	76,989.00	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	245,000.00	247,271.88	246,710.10	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	315,000.00	304,560.90	308,854.35	Other Fed Govt	Aaa	AA+
CHANDLER	FHLMC NTS	260,000.00	252,907.20	252,389.80	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	150,000.00	150,130.12	148,992.00	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	155,000.00	155,134.46	153,958.40	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	310,000.00	306,983.50	306,121.90	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	150,000.00	151,425.00	149,844.00	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	315,000.00	305,596.58	308,498.40	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	225,000.00	223,470.90	224,534.25	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	250,000.00	250,512.75	250,722.50	Other Fed Govt	Aaa	AA+
CHANDLER	FNMA NTS	125,000.00	124,553.75	124,473.75	Other Fed Govt	Aaa	AA+
CHANDLER	TVA BD	275,000.00	277,233.25	275,236.50	Other Fed Govt	Aaa	AA+
CHANDLER	Apple Inc Bonds	190,000.00	188,225.40	185,310.80	Corporate Bonds	Aa3	A+

**First 5 Alameda County
 Combind Holdings Report
 As of September 30, 2014**

<u>Holder</u>	<u>Asset Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Investment Type</u>	<u>Moody</u>	<u>S & P</u>
CHANDLER	American Honda Finance	75,000.00	75,947.25	75,366.00	Corporate Bonds	A1	A+
CHANDLER	Bank of New York Mellon	75,000.00	82,345.50	76,561.50	Corporate Bonds	Aa3	A
CHANDLER	Bank of New York Mellon	160,000.00	160,064.75	158,683.20	Corporate Bonds	Aa3	A
CHANDLER	Berkshire Hathaway Fin	220,000.00	220,662.88	222,281.40	Corporate Bonds	Aa2	AA+
CHANDLER	Berkshire Hathaway Fin	40,000.00	40,120.52	40,414.80	Corporate Bonds	Aa2	AA+
CHANDLER	Black Rocking NTS	110,000.00	114,897.06	110,651.20	Corporate Bonds	A1	A+
CHANDLER	Black Rocking NTS	50,000.00	52,225.94	50,296.00	Corporate Bonds	A1	A+
CHANDLER	CHAIT 212-A5 A5	165,000.00	165,000.00	165,168.30	Corporate Bonds	NR	AAA
CHANDLER	Chevron Corp	55,000.00	54,437.37	54,473.10	Corporate Bonds	Aa1	AA
CHANDLER	Chevron Corp	30,000.00	29,693.11	29,712.60	Corporate Bonds	Aa1	AA
CHANDLER	Chevron Corp	58,000.00	57,406.68	57,444.36	Corporate Bonds	Aa1	AA
CHANDLER	Chevron Corp	12,000.00	11,877.24	11,885.04	Corporate Bonds	Aa1	AA
CHANDLER	CISCO Sys Inc	60,000.00	60,285.40	59,970.00	Corporate Bonds	A1	AA-
CHANDLER	CISCO Sys Inc	60,000.00	60,285.40	59,970.00	Corporate Bonds	A1	AA-
CHANDLER	CISCO Sys Inc	60,000.00	60,285.40	59,970.00	Corporate Bonds	A1	AA-
CHANDLER	COCA-Colants	100,000.00	99,839.50	100,167.00	Corporate Bonds	Aa3	A+
CHANDLER	COCA-Colants	100,000.00	99,839.50	100,167.00	Corporate Bonds	Aa3	A+
CHANDLER	Ebay Inc	125,000.00	124,781.25	126,452.50	Corporate Bonds	A2	A
CHANDLER	Google Inc	130,000.00	136,147.80	133,136.90	Corporate Bonds	Aa2	AA-
CHANDLER	HAROT	105,000.00	104,979.75	104,984.25	Corporate Bonds		AAA
CHANDLER	HAROT	230,474.03	230,461.93	230,444.07	Corporate Bonds	Aa2	AA-
CHANDLER	HAROT	105,000.00	104,987.38	104,806.80	Corporate Bonds	Aa2	AA-
CHANDLER	IBM Corp	210,000.00	210,749.70	208,068.00	Corporate Bonds	Aa3	A+
CHANDLER	Intel Corp	190,000.00	190,566.45	189,384.40	Corporate Bonds	A1	A+
CHANDLER	John Deere	35,000.00	34,978.30	35,106.40	Corporate Bonds	A2	A

**First 5 Alameda County
 Combind Holdings Report
 As of September 30, 2014**

<u>Holder</u>	<u>Asset Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Investment Type</u>	<u>Moody</u>	<u>S & P</u>
CHANDLER	John Deere	120,000.00	124,813.20	122,466.00	Corporate Bonds	A2	A
CHANDLER	JDOT (John Deere) Pass Through	92,381.07	92,378.21	92,406.94	Corporate Bonds	A2	A
CHANDLER	JDOT (John Deere) Pass Through	65,000.00	64,991.14	65,155.35	Corporate Bonds	A2	A
CHANDLER	JDOT (John Deere) Pass Through	60,000.00	59,986.90	59,868.60	Corporate Bonds	A2	A
CHANDLER	JDOT (John Deere) Pass Through	150,000.00	149,975.97	149,793.00	Corporate Bonds	A2	A
CHANDLER	JP Morgan Chase & Co	110,000.00	112,697.63	111,085.70	Corporate Bonds	Aa3	A+
CHANDLER	JP Morgan Chase & Co	120,000.00	122,942.87	121,184.40	Corporate Bonds	Aa3	A
CHANDLER	Occidental Petroleum	155,000.00	158,693.65	156,968.50	Corporate Bonds	A1	A
CHANDLER	Oracle Corp	210,000.00	207,763.50	208,485.90	Corporate Bonds	A1	A+
CHANDLER	Pfizer	190,000.00	187,003.70	188,831.50	Corporate Bonds	A2	A
CHANDLER	Pfizer	50,000.00	49,956.00	49,879.50	Corporate Bonds	A1	AA
CHANDLER	TAOT (Toyota Pass Thru)	95,105.57	95,096.53	95,140.76	Corporate Bonds	A2	A
CHANDLER	TAOT (Toyota Pass Thru)	110,000.00	109,979.67	109,868.00	Corporate Bonds	A2	A
CHANDLER	United Tech Corp	15,000.00	14,987.10	15,221.55	Corporate Bonds	Aa3	A+
CHANDLER	US Bancorp BDS	95,000.00	95,156.87	95,073.15	Corporate Bonds	A1	A+
CHANDLER	US Bancorp BDS	40,000.00	40,066.05	40,030.80	Corporate Bonds	A1	A+
CHANDLER	US Bancorp BDS	20,000.00	20,033.03	20,015.40	Corporate Bonds	A1	A+
CHANDLER	Walmart Stores Inc	110,000.00	109,898.80	108,507.30	Corporate Bonds	Aa2	AA
CHANDLER	Wells Fargo	175,000.00	182,674.33	177,667.00	Corporate Bonds	Aa3	AA-
CHANDLER	Wells Fargo	50,000.00	52,192.67	50,762.00	Corporate Bonds	A1	A+
CHANDLER	Bank of Tokyo Mitsubishi	255,000.00	254,812.58	254,971.95	Commercial Paper	P-1	A-1
CHANDLER	U.S. Treasury Notes	195,000.00	194,277.02	194,588.55	U.S. Treasury		AA+
CHANDLER	U.S. Treasury Notes	100,000.00	104,738.62	102,289.00	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	100,000.00	104,239.64	102,164.00	U.S. Treasury	Aaa`	AA+
CHANDLER	U.S. Treasury Notes	205,000.00	213,691.26	209,436.20	U.S. Treasury	Aaa`	AA+

**First 5 Alameda County
 Combind Holdings Report
 As of September 30, 2014**

<u>Holder</u>	<u>Asset Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Investment Type</u>	<u>Moody</u>	<u>S & P</u>
CHANDLER	U.S. Treasury Notes	110,000.00	117,292.74	113,097.60	U.S. Treasury	TSY	TSY
CHANDLER	U.S. Treasury Notes	190,000.00	202,596.55	195,350.40	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	320,000.00	322,626.07	320,601.60	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	160,000.00	158,964.48	157,950.40	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	100,000.00	99,352.80	98,719.00	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	260,000.00	254,811.03	254,800.00	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	330,000.00	326,739.78	324,997.20	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	310,000.00	305,036.19	303,607.80	U.S. Treasury	Aaa	AA+
CHANDLER	U.S. Treasury Notes	260,000.00	254,922.75	256,120.80	U.S. Treasury	Aaa	AA+
CHANDLER	Federated Govt Oblig	60,507.32	60,507.32	60,507.32	Money Market		
CUTWATER	FHLB	500,000.00	499,300.00	500,240.00	Other Fed Govt	Aaa	AA+
CUTWATER	FHLB	300,000.00	305,976.00	299,841.00	Other Fed Govt	Aaa	AA+
CUTWATER	FHLB	400,000.00	400,000.00	400,104.00	Other Fed Govt	Aaa	AA+
CUTWATER	FHLMC	325,000.00	325,617.50	325,156.00	Other Fed Govt	AAA	AA+
CUTWATER	FHLMC	500,000.00	498,375.00	491,485.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	1,000,000.00	1,015,845.00	1,011,830.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	1,000,000.00	1,015,845.00	1,011,830.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	1,000,000.00	1,002,910.00	993,790.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	1,000,000.00	1,002,910.00	993,790.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	500,000.00	501,455.00	496,895.00	Other Fed Govt	Aaa	AA+
CUTWATER	FNMA	1,250,000.00	1,146,643.00	1,250,761.00	Other Fed Govt	Aaa	AA+
CUTWATER	Colgate Palmolive NT	910,000.00	910,511.40	919,118.20	Corporate Bonds	Aa3	AA-
CUTWATER	Johnson & Johnson SR	791,000.00	833,168.21	810,980.66	Corporate Bonds	Aaa	AAA
CUTWATER	IBM	250,000.00	260,835.00	255,167.50	Corporate Bonds	Aaa	AAA
CUTWATER	Merck & Co Inc	720,000.00	797,918.40	739,454.40	Corporate Bonds	Aa1	AAA

**First 5 Alameda County
 Combind Holdings Report
 As of September 30, 2014**

<u>Holder</u>	<u>Asset Name</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Investment Type</u>	<u>Moody</u>	<u>S & P</u>
CUTWATER	Oracle	500,000.00	497,610.00	496,395.00	Corporate Bonds	A+	A1
CUTWATER	Toyota Mtrs	500,000.00	516,090.00	511,280.00	Corporate Bonds	AA-	AA3
CUTWATER	US T Notes	1,000,000.00	1,004,062.50	1,001,020.00	U.S. Treasury		
CUTWATER	Fed Govt MMKT	85,899.70	85,899.70	85,899.70	Money Market		
Total			25,500,220.26	25,403,295.00			
Invested with Philanthropic Ventures			4,982,562	4,982,562			
Total Portfolio			30,482,782	30,385,857			



To: First 5 Alameda County Commission

From: Mark R Rasiah, Financial Controller

Date: December 11, 2014

Subject: Investment Policy Recommendations

ACTION REQUESTED

To review and discuss the following the Investment Policy recommendations.

BACKGROUND

First 5 Alameda County (F5AC) adopted an Investment Policy in May 2005, which was amended on December 2005, May 2006 and every year since June 2007. In accordance with the Investment Policy Section VIII.1, "the CEO or his designee shall annually render a statement of investment policy, which the Board will consider at a public meeting".

Each year, prior to such review, First 5 Alameda County Finance staff works with the money managers to discuss any proposed changes to the policy or changes in California Government Code Section 53600, which guides the investment of public funds.

RECOMMENDATIONS

This version of the Investment Policy document remains unchanged from that approved by the Commission in May 2013.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

To review the proposed Investment Policy.

Submitted by:

Mark R Rasiah
Financial Controller

Reviewed by:

Janis Burger, Chief Executive Officer



FIRST 5 ALAMEDA COUNTY INVESTMENT POLICY

ADOPTED MAY 2005, AMENDED DEC. 2005, MAY 2006, JUNE 2007, JUNE 2008, JUNE 2009, JUNE 2010 JUNE 2011, JUNE 2012, MAY 2013 AND DECEMBER 2014.

I. APPLICABILITY

The Investment Policy (the "Policy") of First Five Alameda County ("F5AC") is intended to cover all funds and investment activities under the direction of F5AC. All funds shall be invested in accordance with this Policy and California Government Code Section 53601 et seq. related to the investment of public funds.

The primary funds available for investment are maintained in F5AC's Sustainability Fund. The Long Range Financial Plan guides F5AC's use of the Sustainability Fund with the goal of sustaining program spending at a high level as the tobacco tax declines. It is anticipated that the Sustainability Fund will be used by F5AC for program services over the course of the next 8-10 years.

The Sustainability Fund (the "Fund") was accumulated in several ways: First, the Fund developed through the initial reserve that occurred when tax dollars were accumulated but funds could not be spent until a Strategic Plan was passed (Jan. 1999 - Jan. 2000). In addition, contributions to the Sustainability Fund were budgeted over a number of years (2001 - 2004). Finally, budgeted funds that remained unspent were directed to the Sustainability Fund rather than rolling to the subsequent year's budget (2001-present).

The Executive Committee shall assure that F5AC operates its investing activities in accordance with this Policy. To carry out this charge, the Executive Committee's responsibilities include the following:

1. Review the overall investment philosophy of F5AC, determine whether the investment practices follow that philosophy and this Policy, and recommend appropriate changes to the Board.
2. Establish benchmarks and strategies for the investment portfolio. Monitor the investment performance of F5AC's portfolio for compliance with established benchmarks.
3. Monitor the cash flow requirements of F5AC and assure investments mature to provide the amounts needed. Periodically review the appropriateness of the model and assumptions used to estimate these requirements.
4. Ensure F5AC's compliance with applicable laws and regulations.
5. Monitor and direct the selection, evaluation, and retention of each broker/dealer, investment manager, custodian or other agent utilized by F5AC to implement the investment function. Negotiate compensation with them and monitor expenses paid and services received.

Prepare quarterly investment reports and present to the Commission. Also communicate to the Commission actions taken by the Committee in meeting the responsibilities described herein.

II. OBJECTIVES

F5AC's funds shall be invested in accordance with all applicable F5AC policies and codes, State statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. **SAFETY.** Safety of principal is the foremost objective of the investment program. The objective shall be to mitigate credit risk and interest rate risk.
 - a. *Credit Risk.* F5AC shall minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the types of securities listed in Section VI of this Policy.
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which F5AC will do business in accordance with Section IV.
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer shall be minimized.
 - b. *Interest Rate Risk.* F5AC shall minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity to meet liquidity needs.
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with Section VII of this Policy.
2. **LIQUIDITY.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). In addition, F5AC shall maintain a minimum of three months of operating expenditures in the Alameda County Treasury.
3. **YIELD.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to

the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities generally shall be held until maturity, with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

III. STANDARDS OF CARE

1. **PRUDENCE.** The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states that "Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

F5AC's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. F5AC's recognizes that no investment is totally without risk and that the investment activities of F5AC are a matter of public record. Accordingly, F5AC recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of F5AC.

The Financial Controller and authorized investment personnel acting in accordance with established procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion to the Executive Committee and appropriate action is taken to control adverse developments.

2. **ETHICS AND CONFLICTS OF INTEREST.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Portfolio managers who are dealers should not buy securities from their own or related companies. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of F5AC. Individuals acting on behalf of F5AC in accordance with this Policy and related written procedures and exercising due diligence shall be relieved of personal liability for any individual security's risk or market changes.

3. **DELEGATION OF AUTHORITY.** The management responsibility for the investment program is hereby delegated to the Chief Executive Officer (the CEO) who has further delegated the authority to conduct investment transactions and to manage the operation of the investment portfolio to the Financial Controller. The Financial Controller shall maintain a list of persons authorized to transact securities business for F5AC and no person may engage in an investment transaction except as expressly provided under the terms of this Policy.

The Financial Controller shall develop written administrative procedures and internal controls, consistent with this Policy, for the operation of F5AC’s investment program. Such procedures shall be designed to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

F5AC’s Financial Controller may engage the support services of outside investment advisors in regard to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the Town's financial resources. The advisor(s) shall follow this Policy and such other written instructions as are provided.

IV. SELECTION OF FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS

1. SELECTION OF FINANCIAL INSTITUTIONS AND DEPOSITORIES

The Financial Controller shall maintain a list of FDIC insured banks approved to provide depository and other banking services for F5AC. To be eligible, a bank shall qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC insurance coverage in accordance with California Government Code Section 53652.

2. **SELECTION OF BROKER/DEALERS.** The Financial Controller shall maintain a list of broker/dealers authorized to provide investment services. All broker/dealers who desire to become qualified for investment transactions must meet the following criteria:

- Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a primary dealer within their holding company structure; or
- Report voluntarily to the Federal Reserve Bank of New York; or
- Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Each authorized broker/dealer shall maintain a minimum capital requirement of \$10,000,000 and have been in operation at least five years. In addition, authorized broker/dealers shall submit and annually update a F5AC approved Broker/Dealer Information Request form which includes the following information:

- The firm’s most recent financial statements;

- Proof of Financial Industry Regulatory Authority (FINRA) certification; and
- Evidence of adequate insurance coverage.

Furthermore, authorized broker/dealers must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

In the event that an external investment advisor is not used in the process of recommending a particular transaction in F5AC's portfolio, authorized broker/dealers shall attest in writing that they have received and reviewed a copy of this Policy.

An annual review of the financial condition and registration of all qualified broker/dealers shall be conducted by the Financial Controller and the Executive Committee.

3. **MINORITY AND COMMUNITY FINANCIAL INSTITUTIONS.** From time to time, the Financial Controller may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to certain parts of the criteria under Paragraph 2 may be granted by the Executive Committee. All terms and relationships shall be fully disclosed to the Executive Committee prior to purchase.
4. **WORKING WITH INVESTMENT ADVISORS/PORTFOLIO MANAGERS.** Investment advisors and portfolio managers shall be selected by the Finance Committee or their designee after an initial screening and an interview process. Among the criteria for selection shall be the stability of the institution, track record, customer service, ability to comply with these investment policies, and typical return on investment.

Portfolio managers shall maintain detailed accounting records related to investment transactions and balances. They shall prepare and submit the following reports and records to F5AC:

- Monthly, a list of investments owned, including type of security, CUSIP number, number of shares, date purchased, maturity date, interest rate, accrued interest, purchase cost and market value.
- Investment advice within five business days of any trade.
- Documentation supporting three bids or offers obtained for each security purchased or sold.
- Quarterly, a report demonstrating compliance with this Policy.
- Notice of noncompliance, within five business days of the transaction, when the rating of an individual security declines below that allowed by this Policy, or the percentage of the portfolio in an investment type exceeds the maximum allowed by this Policy, or the amount allowed to be invested in one issuer exceeds the percentage allowed by this Policy.

V. SAFEKEEPING AND CUSTODY

The Financial Controller shall select one or more financial institutions to provide safekeeping and custodial services for F5AC. A Safekeeping Agreement shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. Custodian banks shall be selected on the basis of their ability to provide services for F5AC's account and the competitive pricing of their safekeeping related services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the F5AC. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, except non-negotiable Certificates of Deposit, Money Market Funds and LAIF, purchased by the F5AC shall be delivered by either book entry or physical delivery and shall be held in third-party safekeeping by a F5AC approved custodian bank, its correspondent bank or its Depository Trust Company (DTC) participant account.

All Fed wireable book entry securities owned by the F5AC shall be held in the Federal Reserve System in a customer account for the custodian bank which shall name the F5AC as "customer."

All DTC eligible securities shall be held in the custodian bank's DTC participant account and the custodian bank shall provide evidence that the securities are held for the F5AC as "customer."

All non-book entry (physical delivery) securities shall be held by the custodian bank or its correspondent bank and the custodian bank shall provide evidence that the securities are held by the bank for the Town as "customer."

VI. ELIGIBLE INVESTMENTS

A. Authorized Investments

All investments shall be made in accordance with Sections 16429.1, 53600 – 53609, and 53630 – 53686 of the Government Code of California and as described within this Policy. Permitted investments under this Policy shall include:

1. U.S. Treasury Obligations: Treasury bills, Treasury notes, Treasury bonds and Treasury STRIPS with maturities not exceeding six years from the date of trade settlement. There is no limit on the percentage of the portfolio that may be invested in these obligations.
2. Federal Instrumentality Securities: Debentures, discount notes, callable securities, step-up securities and stripped principal or coupons with maturities not exceeding five years from the date of trade settlement. Federal Instrumentality securities shall be rated at least AAA or the equivalent by a nationally recognized statistical-rating organization (NRSRO) at the time of

purchase. There is no limit on the percentage of the portfolio that may be invested in instrumentalities.

3. Negotiable Certificates of Deposit: Certificates of Deposit with a maturity not exceeding five years and issued by institutions which have long-term debt rated at least A or the equivalent by a NRSRO and/or have short-term debt rated at least A1 or the equivalent by a NRSRO. No more than 30% of the total portfolio may be invested in CDs
4. Repurchase agreements: Repurchase Agreements with a final maturity date not exceeding 1 year, collateralized by U.S. Treasury obligations or Federal Instrumentality securities listed in items 1 and 2. For the purpose of this section, the term collateral shall mean purchased securities under the terms of F5AC's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the funds borrowed. Collateral shall be held in safekeeping in F5AC's name by its custodian bank and the market value of the collateral securities shall be marked-to-the-market daily. There is no limit on the amount to be invested in repurchase agreements.
5. Prime Commercial paper: Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:

A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of \$500,000,000 and (3) have debt other than commercial paper, if any, that is rated A or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program-wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond and (3) have commercial paper that is rated A-1 or higher, or the equivalent, by a NRSRO.

No more than 25% of the City's total portfolio shall be invested in commercial paper.

6. State of California's Local Agency Investment Fund (LAIF): LAIF, in accordance with California Government Code Section 16429.1.
7. Corporate Medium-term Notes: Corporate medium-term notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the date of trade settlement, and rated at least A or the equivalent by a NRSRO. The aggregate investment in medium-term notes shall not exceed 30% of the City's total portfolio. AAA rated FDIC-guaranteed corporate bonds are herein authorized, with the aforementioned diversification and maturity requirements.

8. Mortgage Pass-through Securities and Asset-backed Securities: Mortgage pass-through securities and asset-backed securities shall have a maximum stated final maturity of five years and shall be rated at least AAA or the equivalent by a NRSRO. No more than 20 percent of the portfolio may be invested in such securities.
9. Money Market Mutual Funds: Money market mutual funds which are registered under the Investment Act of 1940; are “no-load” (meaning no commission or fee shall be charged on purchases or sales or shares); have a constant net asset value of \$1.00; invest only in the securities and obligations authorized in California statutes; and are rated AAA or the equivalent by a NRSRO. The aggregate investment in money market funds shall not exceed 20% of the portfolio.
10. Local Agency Obligations: Local agency obligations whose short-term rating is at least A-1 or equivalent by two NRSROs or whose long-term rating is at least AA or the equivalent by two NRSROs.

B. Prohibited investment vehicles and practices

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds (other than government money market funds as described in Section VI A(9)), unregulated and/or unrated investment pools or trusts, collateralized mortgage obligations and futures and options.
2. Investing in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited, per Government Code Section 53601.6.
3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. Using reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. Purchasing securities issued by company in the tobacco business, including parent companies and their controlled subsidiaries, is prohibited.
8. Purchasing foreign currency denominated securities.

Prohibited investments held in the portfolio at the time of adoption of this Policy may be held until maturity at the discretion of the Finance Director.

C. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. F5AC shall mitigate credit risk in the following ways:

1. Abiding by the diversification requirements included in Section VI (A);
2. Limiting 5% of the total portfolio to securities of any single issuer, other than the US Government, its agencies and instrumentalities;
3. Electing to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or F5AC's risk preferences; and
4. Reviewing securities owned by F5AC which are downgraded to a level below the quality required by this Policy. In such cases it shall be F5AC's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - If a security is downgraded two grades below the level required by F5AC, the security shall be sold immediately.
 - If a security is downgraded one grade below the level required by this Policy, the F5AC Finance Director shall use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.
 - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio shall be monitored and reported monthly to the Executive Committee and the Commission of F5AC.

D. Mitigating market risk in the portfolio

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. F5AC recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. F5AC shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cashflow purposes. F5AC further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently

in different interest rate environments. Therefore, the following strategies shall be adopted to control and mitigate exposure to market risk:

- F5AC shall attempt to match its investments with anticipated cash flow requirements.
- Maximum final maturity of investments in the Treasury and Agency securities shall not exceed six years. All other investments shall have a final maturity as stated in Section VI, Eligible Investments.
- The weighted average maturity of the portfolio shall not exceed three years.
- Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding six years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

VII. Performance objectives and expectations

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of F5AC's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's actual weighted average effective maturity. When comparing the performance of F5AC's portfolio, its rate of return shall be computed net of all fees and expenses.

VIII. REPORTING

Quarterly, the Financial Controller shall submit to the Executive Committee a report of the investment earnings and performance results of F5AC's investment portfolio. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the F5AC;
2. A description of the funds, investments and programs;
3. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
4. A statement of compliance with this Policy or an explanation for non-compliance; and
5. A statement of F5AC's ability to meet expenditure requirements for six months, and an explanation of why money will not be available if that is the case.

IX. POLICY REVIEW

This Investment Policy shall be adopted annually by resolution of the Executive Committee. It shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends. Amendments to this Investment Policy shall be approved by resolution of the Executive Committee.

GLOSSARY OF INVESTMENT TERMS[®]

Agencies. Shorthand market terminology for any obligation issued by *a government-sponsored entity (GSE)*, or a *federally related institution*. Obligations of GSEs are not guaranteed by the full faith and credit of the US government. There are eight GSEs, five of which are currently active in the new issue market. The five include:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

Federally related institutions are arms of the federal government. Most do not issue securities directly into the market. Those, which do issue directly, include the following:

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Average life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker’s acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial paper. The short-term unsecured debt of corporations.

Cost yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The rate of return at which interest is paid on a bond.

Credit risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery vs. payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other

components (“Stripped” coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Tbills and banker’s acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal funds rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee: A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Haircut: The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity: The speed and ease with which an asset can be converted to cash.

Margin: The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market value. The price at which a security can be traded.

Marking to market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium term notes. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified duration. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money market. The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

Mortgage pass-through securities. A securitized participation in the interest and principal cashflows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Mutual fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent person (man) rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities, and that is not a primary dealer.

Repurchase agreement (RP, Repo). Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Structured note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Total rate of return. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value, and includes interest earnings and realized and unrealized gains and losses on the portfolio.

U.S. Treasury obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

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To: First 5 Alameda County Commission
From: Christine Hom, Contracts and Grants Administrator
Date: December 11, 2014
Subject: Contract Authorizations

REQUESTED ACTION

To review and approve the following contract authorizations.

BACKGROUND

Per our Financial Policies, Section VII. Purchasing and Contracting, the Commission must approve contract/award amounts in excess of \$50,000. The following awards require specific authorization from the Commission.

A Better Way - \$66,000.00

First 5 Alameda County is requesting approval of a \$66,000 contract with A Better Way to collaborate with Oakland Parents Together to implement the Strengthening Families framework and Parent Cafe model in Oakland (2013-2017 Strategic Plan, page 11). This series of Parent Cafes will focus on the Castlemont Corridor area of Oakland and include intentional parent leadership training components. A Better Way was selected through a competitive RFQ process and the application was reviewed by an internal panel and selected to conduct the work.

Fiscal Impact: None. Funding is budgeted.

Action requested: Approve a FY 2014-15 contract in the amount of \$66,000 for a Better Way.

Family Resource Network (FRN) - \$42,000

First 5 Alameda County is requesting approval of a \$42,000 contract with Family Resource Network to manage a team of parents and service providers to develop five modules of an Early Childhood Parent Education Curriculum and Train the Trainers Curriculum for the Early Connections program. The curriculum to be developed will include topics that cover early care and education, IDEA services and working with parents as caregivers and advocates. Developing

these curricula are part of the sustainability plan for Early Connections which is currently in its last program year.

FRN currently has a FY 2013-15 contract in the amount of \$1,015,000 to provide Help Me Grow Family Navigators, support coordination and administration of Help Me Grow family leadership activities and provide community support services to families with children with special needs. The addition of this \$42,000 contract brings the FY 2013-2016 aggregate contract amount to \$1,057,000 for which Commission approval is needed.

Fiscal Impact: None. Funding is budgeted for the \$42,000 contract and will be received from the federal SAMHSA Early Connections grant.

Action requested: Approve an aggregate FY 2013-2016 contract amount of \$1,057,000 for Family Resource Network.

Consulting for Community - \$5,000

First 5 Alameda County is requesting approval of a \$5,000.00 contract amendment with Consulting for Community to support the finalization of the health hub environmental scan (2013-17 Strategic Plan, page 7). The original \$24,750 contract included conducting a health hub environmental scan and research report, incorporating local, national and technology research on other effective efforts that include a central access point to serve as a single point of contact for a broad range of health and human services-related issues and referrals. The amendment for an additional \$5,000 includes additional meeting time, including preparation and facilitation, for the finalization of the scan and report.

Consulting for Community currently has a FY 2014-16 \$41,400.00 contract to edit and finalize modules of an Early Childhood Parent Education Curriculum and Train the Trainers Curriculum for the Early Connections program. The addition of this \$5,000.00 contract amendment brings the FY 2014-2016 aggregate contract amount to \$71,150 for which Commission approval is needed.

Fiscal Impact: None. Funding will be received from the Alameda County Public Health Department.

Action requested: Approve an aggregate FY 2014-16 contract amount of \$71,150.00 for Consulting for Community.

Lotus Bloom Child and Family Resource Center - \$57,000

First 5 Alameda County is requesting approval of a \$57,000 contract amendment with Lotus Bloom Child and Family Resource Center to provide additional support to the Room to Bloom program (2013-17 Strategic Plan, page 11). Lotus Bloom currently has a FY 2014-15 \$177,000 contract to coordinate the programs and services at the Castlemont Corridor Room to Bloom Child and Family Resource Center and conduct neighborhood outreach and family engagement activities. The addition of \$57,000 will support parent outreach coordination and parent stipends, facility development to make the space more child friendly and age appropriate, as well as professional and agency development activities including strategic planning, capacity building for staff and reflective supervision.

Lotus Bloom currently has a FY 2013-15 \$90,000 community grant to provide family school readiness playgroups, parent workshops, and ASQ screenings for children 3-5 years old and their caregivers. The addition of this \$57,000 contract amendment brings the FY 2013-15 aggregate award amount to \$324,000 for which Commission approval is needed.

Fiscal Impact: None. Funding is budgeted.

Action requested: Approve an aggregate FY 2013-16 contract amount of \$324,000.00 for Lotus Bloom Child and Family Resource Center.

RECOMMENDATION

That the Commission approve the above contract authorizations.

Submitted by:

Reviewed by:

Christine Hom
Contracts and Grants Administrator

Janis Burger
Chief Executive Officer



To: First 5 Alameda County Commission

From: Janis Burger, CEO

Date: January 8, 2015

Subject: 2015 Cost of Living Adjustment (COLA) Recommendation

ACTION REQUESTED

That the Commission review and discuss the recommendation for an employee Cost of Living Adjustment (COLA) for 2015.

BACKGROUND

Per the Salary Guidelines approved by the Commission in May 2004 (most recently revised in December, 2013), it is the Commission's decision to grant a COLA to employees. If awarded, COLAs are granted to all regular employees, both full and part-time, at the beginning of the calendar year. Typically, COLAs are implemented to ensure that employees' wages do not lose real value due to increases in the costs of goods and services. Competitive salaries are an important recruitment and retention strategy; the ability to consider a COLA is particularly important for retention purposes considering that close to 2/3's of our employees' salaries are capped and, as a relatively small agency, promotional opportunities are limited.

Consumer Price Index (CPI)

The Bureau of Labor Statistics determined that the Consumer Price Index (CPI) for the San Francisco – Oakland – San Jose metropolitan area has increased 3.2% over the last 12 months (October 2013 – October 2014) on a not seasonally adjusted basis according to their latest news release on November 20, 2014. This year's increase was driven by higher increases in food costs (a 3.4% increase over the past year) and shelter (a 5.4 % increase), while energy prices declined 3.0% over the year, primarily due to lower prices for gasoline.

FISCAL IMPACT

The fiscal impact of granting a 3% COLA for the six month period of the current fiscal year and the first six months of the next fiscal year will be approximately \$165,724, and approximately \$82,862 for the current fiscal year. With several unfilled positions that are on the books, we

should be able to absorb the impact on the 2014-15 budget, and will incorporate the impact of the COLA into the budget for 2015-16.

RECOMMENDATION

That the Commission review and grant a 3% employee Cost of Living Adjustment (COLA) to take effect for the coming year of 2015. It is further recommended that, should the COLA be granted, it shall be considered to be effective at the beginning of 2015, and awarded retroactively for any prior pay period(s) when it would have taken effect had the December 2014 Commission meeting been conducted on its originally scheduled date.

Submitted by:

Reviewed by:

Janis Burger
Chief Executive Officer

Janet Basta
Human Resources Administrator



To: First 5 Alameda County Commission

From: Chris Hwang, Evaluation & Technology Senior Administrator

Date: December 9, 2014

Subject: FY 2013-14 First 5 Annual Report to First 5 California

ACTION REQUESTED:

To review and approve the F5AC FY 2013-14 Annual Report to First 5 California.

BACKGROUND:

On an annual basis First 5 Alameda County is required to submit prior year data, fiscal and narrative sections of the State Annual Report to First 5 California by November 1. The report submitted also contains a narrative summary of evaluations completed during FY 2013-14.

RECOMMENDATION:

That the Commission review and approve the FY 2013-14 Annual Report to First 5 California.

Submitted by:

Reviewed by:

Chris Hwang,
Evaluation & Technology
Senior Administrator

Janis Burger,
Chief Executive Officer