



## FIRST 5 ALAMEDA COUNTY EXECUTIVE COMMITTEE MEETING AGENDA

**Thursday, April 18, 2024**  
**11:00 AM – 12:30 PM**

**First 5 Alameda County**  
**1115 Atlantic Avenue**  
**Alameda, CA 94501**  
 Conference Room E

Members of the public may access the meeting  
 via Zoom Meeting ID: 845 0501 5554 Passcode: 427553

### **Commissioners:**

*Chair:* Renee Herzfeld, *Vice Chair:* Cecilia Oregón, Tomás A. Magaña

### **1. Public Comment**

This portion of the meeting is reserved for persons desiring to address the Executive Committee on any matter not on the agenda. Speakers are limited to three minutes except as otherwise ordered by the Vice Chair.

### **2. Staff Announcements**

- a. General Staff Announcements
- b. CEO Contract Authorizations

### **3. Approve Executive Committee Minutes from February 8, 2024**

Recommended Action: Approve Minutes from February 8, 2024 Executive Committee meeting

### **4. Approve Annual Revisions to Governance Policies**

Recommended Action: Approve Annual Revisions to Governance Policies:

- a. Financial Policies
  - i. Investment Policy

### **5. Approval of Fiscal Year 2023-2024 Contract Authorization**

Recommended Action: Approve the Fiscal Year 2023-2024 Contract Authorization

### **6. Recommendation of Fiscal Year 2023-2027 Contract Authorizations**

Recommended Action: Recommend the Fiscal Year 2023-2027 Contract Authorizations to the Commission for approval.

### **7. Fiscal Year 2024-25 Proposed Budget – First Reading**

### **8. Fiscal Year 2024-34 Proposed Long Range Financial Plan – First Reading**

### **Information about access:**

Please contact Julia Otani at [julia.otani@first5alameda.org](mailto:julia.otani@first5alameda.org) or (510) 227- 6987 3 business days in advance if you need special assistance or translation/interpretation support so we can make reasonable arrangements to ensure accessibility. We will swiftly resolve any requests for accommodation to resolve any doubt whatsoever in favor of accessibility.

**CLOSED SESSION**

- 9. Public Employee Performance Evaluation – Closed Session (held pursuant to Gov. Code §54957)  
Title: CEO**

**OPEN SESSION**

- 10. Adjournment**

**Information about access:**

Please contact Julia Otani at [julia.otani@first5alameda.org](mailto:julia.otani@first5alameda.org) or (510) 227- 6987 3 business days in advance if you need special assistance or translation/interpretation support so we can make reasonable arrangements to ensure accessibility. We will swiftly resolve any requests for accommodation to resolve any doubt whatsoever in favor of accessibility.



FY 2023-24 CEO-Approved Contracts List  
 CEO Contract Authorizations and Amendments

Original Award, approved by Commission (6/22/23)							New Contracts or Augmentations, approved by CEO (2/8/24-4/18/24)			Contractor Aggregate Amount	
Strategy	Award Number	Contractor	Contract Start Date	Contract End Date	Original Description of Scope of Work	Amount	New Award, Amendment or Ancillary Amount	New Total Contract Amount	Description of New Contract or Added Scope of Work	Executive Committee Approval >\$150,000	Commission Approval >\$300,000
Technology	OS-TEC-2324-219	TECHsperience	7/1/2023	6/30/2024	Funding to provide technology infrastructure support and server maintenance and back up.	\$ 93,432.00	\$ 40,000.00	\$ 133,432.00	Funding to provide additional technology infrastructure support.	No	No
Communications	AS-CMC-2325-275	Vermilion, Inc.	4/1/2024	11/30/2024	N/A	N/A	N/A	\$ 100,000.00	Funding to design and develop a new website for First 5 Alameda County.	N/A	N/A
						\$ 93,432.00	\$ 40,000.00	\$ 233,432.00			



**First 5 Alameda County Executive Committee Meeting**  
**February 8, 2024, 11:00 AM - 12:30 PM**  
**Zoom Webinar Meeting ID: 829 5949 9552**

Commissioners Present: Chair: Renee Herzfeld, Vice Chair: Cecilia Oregon, Tomás A. Magaña, M.D  
 First 5 Staff Present: Kristin Spanos, Cally Martin, Vanessa Cedeño Geiner, Nick Zhou, Christine Hom, Detra Teal, Maria Canteros

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>CALL TO ORDER</b>			
C. Oregon	The meeting was called to order by Vice Chair Oregon who gaveled in at 11:04 AM and stated that the meeting was being recorded. Commissioners Herzfeld, Oregon and Magaña stated their names to indicate they were present for the meeting.	None	None
<b>1. PUBLIC COMMENT</b>			
C. Oregon	There was no Public Comment.	None	None
<b>2. STAFF ANNOUNCEMENTS</b>			
K. Spanos	<a href="#">[Attachment]</a> a. General Staff Announcements b. CEO Contract Authorizations  Ms. Spanos presented the General Staff Announcements and the CEO Contract Authorizations were provided as a written update.	None	None
<b>3. APPROVAL OF MINUTES FROM DECEMBER 7, 2023</b>			
C. Oregon	<a href="#">[Attachment]</a> Vice Chair Oregon asked if there was any public comment before taking a vote to approve. Vice Chair Oregon facilitated the vote to approve the December 7, 2023 Executive Committee Meeting minutes.	Motion: Renee Herzfeld Second: Tomás Magaña No Abstentions. Motion passed.	None
<b>4. APPROVE ANNUAL REVISIONS TO GOVERNANCE POLICIES</b>			
N. Zhou C. Hom	<a href="#">[Attachment]</a> a. Financial Policies b. Agency Policy  Mr. Zhou presented the Annual Revisions to Governance Policies - Financial Policies Ms. Hom presented the Annual Revisions to Governance Policies - Agency Policy Vice Chair Oregon asked if there was any public comment before taking a vote to approve. Vice Chair Oregon facilitated the vote to approve the Annual Revisions to Governance Policies.	Motion: Tomás Magaña Second: Renee Herzfeld No Abstentions. Motion passed.	None

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
<b>5. APPROVE REVISIONS TO EMPLOYEE HANDBOOK</b>			
C. Martin	<a href="#">[Attachment]</a> Ms. Martin presented the revisions to Employee Handbook. Vice Chair Oregón asked if there was any public comment before taking a vote to approve. Vice Chair Oregón facilitated the vote to approve Revisions to Employee Handbook.	Motion: Tomás Magaña Second: Renee Herzfeld No Abstentions. Motion passed.	None
<b>6. RECOMMEND FISCAL YEAR 2023-25 CONTRACT AUTHORIZATION</b>			
C. Hom	<a href="#">[Attachment]</a> C. Hom presented the Fiscal Year 2023-25 Contract Authorization. Vice Chair Oregón asked if there was any public comment before taking a vote to recommend. Vice Chair Oregón facilitated the vote to recommend that the Fiscal Year 2023-25 Contract Authorization be brought to the Commission for approval.	Motion: Renee Herzfeld Second: Tomás Magaña No Abstentions. Motion passed.	The Fiscal Year 2023-25 Contract Authorization will be brought to the Commission for approval.
<b>7. RECOMMEND FISCAL YEAR 2023-24 MID-YEAR FINANCIAL REPORT AND PROPOSED BUDGET</b>			
C. Hom	<a href="#">[Attachment]</a> Ms. Hom presented the Fiscal Year 2023-24 Mid-Year Financial Report and Proposed Budget. Vice Chair Oregón asked if there was any public comment before taking a vote to recommend. Vice Chair Oregón facilitated the vote to recommend that the Fiscal Year 2023-24 Mid-Year Financial Report and Proposed Budget be brought to the Commission for approval.	Motion: Tomás Magaña Second: Renee Herzfeld No Abstentions. Motion passed.	The Fiscal Year 2023-24 Mid-Year Financial Report and Proposed Budget will be brought to the Commission for approval.
<b>8. RECOMMEND FISCAL YEAR 2023-24 MID-YEAR INVESTMENT REPORT</b>			
C. Hom	<a href="#">[Attachment]</a> Ms. Hom presented the Fiscal Year 2023-24 Mid-Year Investment Report. Vice Chair Oregón asked if there was any public comment before taking a vote to recommend. Vice Chair Oregón facilitated the vote to recommend that the Fiscal Year 2023-24 Mid-Year Investment Report be brought to the Commission for approval.	Motion: Renee Herzfeld Second: Tomás Magaña No Abstentions. Motion passed.	The Fiscal Year 2023-24 Mid-Year Investment Report will be brought to the Commission for approval.
<b>9. ADJOURNMENT</b>			
C. Oregón	Vice Chair Oregón placed the December 14, 2023 Commission meeting minutes and the Fiscal Year 2023-25 Contract Authorization on the February 15, 2024 Commission meeting's Consent Calendar, gavelled out, and adjourned the meeting at 12:08 PM.	None	The December 14, 2023 Commission meeting minutes and the Fiscal Year 2023-25 Contract Authorization will be placed on the February 15, 2024 Commission meeting's Consent Calendar.



**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Cally Martin, Deputy Chief Executive Officer  
Nick Zhou, Chief Financial Officer  
Maria Canteros, Senior Administrator, Finance

**Date:** April 18, 2024

**Subject:** Update and Approval of Investment Policy Revisions

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#### **ACTION REQUESTED**

Review and approve the updated revisions to the Investment Policy, as detailed below.

#### **BACKGROUND**

Following our commitment to regularly reviewing and updating our financial policies to align with best practices, regulatory changes, and the strategic goals of F5AC, we have identified specific areas within our Investment Policy that require revision. These changes aim to strengthen our investment process, ensure ethical standards, and optimize our portfolio management strategy.

#### **1. Compliance with Ethical and Legal Standards:**

- All participants in the investment process are mandated to comply with the Political Reform Act, Fair Political Practices Commission Regulations (2 C.C.R. §§ 18110 through 18998), the County's Conflict of Interest Policy, including, without limitation, the obligations related to filing of Form 700, notification, and recusal, as well as the prohibitions under Government Code section 1090. This revision ensures all investment activities are conducted within the highest ethical and legal standards.

#### **2. Restrictions on Forward Settlements:**

- The policy now prohibits the purchase of securities with a forward settlement date exceeding 45 days from the time of the investment. This restriction is intended to mitigate the risk associated with extended settlement periods and enhance the liquidity management of our portfolio.

#### **3. Flexibility in Benchmarking:**

- Acknowledging that market conditions and cash flow requirements are dynamic, we introduce the provision that benchmarks may change over time. This flexibility allows us

to adapt our performance evaluation metrics to better reflect the current investment environment and our organizational cash flow needs.

**4. Responsible person title changes:**

- This updated policy includes revisions replacing “Finance Officer” with “Chief Financial Officer” for all related responsibilities.

**FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

Approve revisions to the Investment Policy.

Submitted by:

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*Nick Zhou*  
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Nick Zhou  
Chief Finance Officer

Approved by:

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*Kristin Spanos*  
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Kristin Spanos  
Chief Executive Officer

DocuSigned by:  
*Maria Canteros*  
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Maria Canteros  
Senior Administrator, Finance

Reviewed by:

DocuSigned by:  
*Cally Martin*  
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Cally Martin  
Deputy Chief Executive Officer

**FIRST 5 ALAMEDA COUNTY INVESTMENT POLICY****REVISED APRIL 2024**

~~AMENDED MAY 2005; AMENDED DEC. 2005, MAY 2006, JUNE 2007, JUNE 2008, JUNE 2009, JUNE 2010, JUNE 2011, JUNE 2012, MAY 2013, DECEMBER 2014, OCTOBER 2015, JUNE 2017, JUNE 2020 AND FEBRUARY 2022~~

**I. APPLICABILITY**

The Investment Policy (the “Policy”) of First 5 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 Commission.
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.

6. Prepare semi-annual 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 as described in Section VI of the policy.
  - 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 VI 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. **RETURN.** 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 investor standard" and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act 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 investor 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 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 ~~Finance Officer~~Chief Financial Officer 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 in writing to the Executive Committee 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.

All participants in the investment process are required to comply with terms of the Political Reform Act, Fair Political Practices Commission Regulations promulgated thereunder (2 C.C.R. §§ 18110 through 18998), the County's Conflict of Interest Policy, including, without limitation, filing of Form 700, notification and recusal obligations, and Government Code section 1090 prohibitions.

~~2.3.~~ **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 ~~Finance Officer~~Chief Financial Officer. The ~~Finance Officer~~Chief Financial Officer 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 ~~Finance Officer~~Chief Financial Officer 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 ~~Finance Officer~~Chief Financial Officer 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 F5AC'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 ~~Finance Officer~~Chief Financial Officer 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 ~~Finance Officer~~Chief Financial Officer 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 ~~Finance Officer~~Chief Financial Officer and the Executive Committee.

3. **MINORITY AND COMMUNITY FINANCIAL INSTITUTIONS.** From time to time, the ~~Finance Officer~~Chief Financial Officer 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 Executive 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 ~~Finance Officer~~ **Chief Financial Officer** 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 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 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 F5AC shall be held in the Federal Reserve System in a customer account for the custodian bank which shall name 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 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 F5AC 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. Minimum credit quality and concentration limits shall apply at time of purchase. 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. The maximum percent of agency callable securities in the portfolio will be 20%.
3. Negotiable Certificates of Deposit: Negotiable Certificates of Deposit with a maturity not exceeding five years and issued by institutions which have long-term debt rated in a rating category of A or the equivalent or better by a NRSRO and/or have short-term debt rated at least A-1 or the equivalent by a NRSRO. Negotiable CDs in amounts up to the FDIC limit does not require any credit ratings. No more than 30% of the total portfolio may be invested in Negotiable Certificates of Deposit.
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 total portfolio shall be invested in commercial paper. F5AC may purchase no more than 10% of the outstanding commercial paper of any single issuer.

6. State of California's Local Agency Investment Fund (LAIF): LAIF, in accordance with California Government Code Section 16429.1. LAIF investments are limited to statutory limits.
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 in a rating category of A or the equivalent or better by a NRSRO. The aggregate investment in medium-term notes shall not exceed 30% of the total portfolio.
8. Mortgage Pass-through Securities and Asset-backed Securities from issuers not defined in sections 1 and 2 of the Authorized Investments section of this policy : Mortgage pass-through securities and asset-backed securities shall have a maximum legal final maturity of five years and shall be rated in a rating category of "AA" or the equivalent or better by a NRSRO. No more than 20% percent of the portfolio may be invested in such securities, and no more than 5% of the portfolio may be invested in any single issuer.
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 have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. The aggregate investment in money market funds shall not exceed 20% of the portfolio.

10. Local Agency Obligations and Municipal Securities: Obligations of the State of California, California local agency obligations, as well as registered treasury notes or bonds of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California, rated in a rating category of A or the equivalent or better by at least one NRSRO. No more than 5% of the portfolio may be invested in any single issuer, and no more than 30% of the portfolio may be in Municipal Securities. The maximum maturity shall not exceed five (5) years.
11. Supranationals: Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities shall be rated in a rating category of "AA" or the equivalent or higher by a NRSRO. No more than 30% of the total portfolio may be invested in these securities, with no more than 10% of the portfolio invested in any single issuer. The maximum maturity shall not exceed five (5) years.
12. Federally Insured Time Deposits (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
  - The amount per institution is limited to the maximum covered under federal insurance.
  - No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
  - The maximum maturity does not exceed five (5) years.
13. Collateralized Time Deposits (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:
  - No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
  - The maximum maturity does not exceed five (5) years.

**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. Under a provision sunsetting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
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.
9. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

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 Officer~~ Chief Financial Officer.

### 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, and supranational obligations;
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 relative to the chosen market benchmark(s), which will be included in the monthly report. An appropriate, readily available index to use as a market benchmark will be selected. When comparing the performance of F5AC's portfolio, its rate of return shall be computed net of all fees and expenses.

Benchmarks may change over time based on changes in market conditions or cash flow requirements.

## VIII. SOCIAL AND ENVIRONMENTAL CONCERNS

In the event all general objectives mandated by state law and set forth in Section II above are met and created equal, investments in corporate securities and depository institutions will be evaluated for social and environmental concerns. Investments are encouraged in entities that support equality of rights regardless of sex, race, religion, creed, age, disability, or sexual orientation, as well as those entities that practice environmentally sound and fair labor practices. Investments are discouraged in entities that receive a significant portion of their revenues from the manufacturer of firearms, or weapons not used in our national defense. Investments that receive any revenues from the manufacturer of tobacco products is prohibited.

## IX. REPORTING

Semi-annually, the ~~Finance Officer~~Chief Financial Officer 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.

### MONTHLY REPORTS

Monthly investment reports will be submitted or made available upon request to the Executive Committee within 30 days of the end of the reporting period. These reports will disclose, at a minimum, the following information about the characteristics of First 5 Alameda County's portfolio:

1. An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
2. Monthly transactions for the period.
3. A one-page summary report that shows:
  - a. Average maturity of the portfolio and modified duration of the portfolio;
  - b. Maturity distribution of the portfolio;
  - c. Average portfolio credit quality; and,
  - d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to the First 5 Alameda's market benchmark returns for the same periods;
4. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
5. A statement that First 5 Alameda County has adequate funds to meet its cash flow requirements for the next six months.

**ANNUAL REPORTS**

A comprehensive annual report will be presented to the Commission. This report will include comparisons of the portfolio return to the market benchmark return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

**X. POLICY REVIEW**

This Investment Policy shall be adopted as needed and no less frequently than bi-annually by action of the Executive Committee. It shall be reviewed by F5AC 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 action 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*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**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.

**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.

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**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.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

- CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.
- 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 T-bills 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.

**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.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**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 on either 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 (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**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.

**NEGOTIABLE CD.** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).** Examples include S&P, Moodys, and Fitch ratings.

**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 (PRUDENT INVESTOR) 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.** 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.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.



**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; it includes interest earnings, realized and unrealized gains, and losses in 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.



**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Cally Martin, Deputy Chief Executive Officer  
Nick Zhou, Chief Financial Officer  
Maria Canteros, Senior Administrator, Finance

**Date:** April 18, 2024

**Subject:** Fiscal Year 2023-24 Contract Authorization

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#### REQUESTED ACTION

To review the following Fiscal Year 2023-24 contract authorization.

#### BACKGROUND

Per our Financial Policies, Section VII. Purchasing and Contracting, the Executive Committee must approve contract/award amounts between \$150,000 - \$300,000 in aggregate. The following award requires specific authorization from the Executive Committee.

#### **Berlin Rosen LLC - \$20,000**

First 5 Alameda County is requesting approval of a sole source Fiscal Year 2023-24 \$20,000 contract amendment with Berlin Rosen to provide strategic communications consultation and development support of the agency's editorial style guide and other select communications products.

Berlin Rosen currently has a Fiscal Year 2023-24 \$250,000 contract to develop and facilitate a change management framework including best practices and process improvement to systems thinking, data-driven decision making, performance management and learning and a Fiscal Year 2022-24 contract for \$55,000 (FY 2022-23 \$30,000, FY 2023-24 \$25,000) to provide executive leadership coaching and development training for First 5 executive leadership staff.

The addition of \$20,000 brings the aggregate amount for Fiscal Year 2023-24 to \$295,000 for which Executive Committee approval is needed.

Fiscal Impact: Funding is budgeted and provided by Proposition 10.

Action requested: Approve an aggregate Fiscal Year 2023-24 award amount of \$295,000 for Berlin Rosen LLC.

**RECOMMENDATION**

That the Executive Committee approve the above contract authorization.

Submitted by:

DocuSigned by:  
*Nick Zhou*  
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Nick Zhou  
Chief Financial Officer

Approved by:

DocuSigned by:  
*Kristin Spanos*  
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Kristin Spanos  
Chief Executive Officer

DocuSigned by:

*Maria Canteros*  
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Maria Canteros  
Senior Administrator, Finance

Reviewed by:

DocuSigned by:  
*Cally Martin*  
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Cally Martin  
Deputy Chief Executive Officer



**To:** First 5 Alameda Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Cally Martin, Deputy Chief Executive Officer  
Nick Zhou, Chief Financial Officer  
Maria Canteros, Senior Administrator, Finance

**Date:** April 18, 2024

**Subject:** Fiscal Year 2023-27 Contract Authorizations

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#### REQUESTED ACTION

To review the following Fiscal Year 2023-27 contract authorizations.

#### BACKGROUND

Per our Financial Policies, Section VII. Purchasing and Contracting, the Commission must approve contract/award amounts over \$300,000 in aggregate. The following awards require specific authorization from the Commission.

#### **Oakland Unified School District (OUSD) - \$40,376,580**

First 5 Alameda County is requesting approval of a sole source Fiscal Year (FY) 2023-27 contract amendment not to exceed \$40,376,580 with Oakland Unified School District (OUSD). OUSD currently has a FY 2023-24 sole source contract for \$11,892,159 to make high-quality early education available to low-income families, provide professional development, coaching, and materials to early educators, and provide transitional support to low-income, high need families through intensive outreach and supports. The contract also supports enhanced ADA accessibility, play structure improvements at preschool sites, and facility improvements at the Kaiser Early Learning Center. The current contract term ends June 30, 2024.

This second contract amendment extends the contract term to June 30, 2027, which aligns with the term of First 5's agreement with the City of Oakland for the Oakland Children's Initiative. This additional award authorization funds access to free and affordable high-quality early care and education, including continued site expansion and improvements, family-friendly enrollment, student supports, family navigation, professional development and educator supports, and updates to the student enrollment system to align with TK-12.

For Fiscal Year 2024-25, the award authorization also adds \$2,474,400 in one-time costs for renovations to reopen the Washington Child Development Center, which is currently closed.

The addition of \$2,474,400 in one-time costs in FY 2024-25, three-year allocation of up to \$37,902,180, and existing award amount of \$11,892,159 brings the FY 2023-27 aggregate award amount to \$52,268,739 for which Commission approval is needed.

Fiscal Impact: Funding is provided by the contract with the City of Oakland for the Oakland Children’s Initiative where First 5 serves as the Early Education Fund Implementation Partner.

Action requested: Recommend an aggregate Fiscal Year 2023-27 award amount of \$52,268,739 for Oakland Unified School District.

**City of Oakland Head Start (COOHS) - \$38,742,085**

First 5 Alameda County is requesting approval of a sole source FY 2023-27 award authorization not to exceed \$38,742,085 with City of Oakland Head Start. COOHS currently has a FY 2023-24 sole source authorization for \$6,580,608 to support the ongoing implementation of Oakland Children's Initiative programming including infrastructure and personnel costs at the existing Tassafaronga, Arroyo Viejo, and Franklin sites and the new Martin Luther King site. It also supports materials and technology/nutritional resources at all sites, and new personnel to enhance services and increase operational capacity across all COOHS programs.

This contract amendment extends the contract term to June 30, 2027, which aligns with the term of First 5’s agreement with the City of Oakland for the Oakland Children’s Initiative. This additional award funds the continuation of programming, service expansion, family supports, and professional and workforce development.

For Fiscal Year 2024-25, the award authorization also adds \$426,073 in one-time costs for identification, assessment, and preparation of new sites.

The addition of \$426,073 in one-time costs in FY 2024-25, three-year allocation of up to \$38,316,012 and existing award amount of \$6,580,608 brings the FY 2023-27 aggregate award amount to \$45,322,693 for which Commission approval is needed.


Fiscal Impact: Funding is provided by the contract with the City of Oakland for the Oakland Children’s Initiative where First 5 serves as the Early Education Fund Implementation Partner.

Action requested: Recommend an aggregate Fiscal Year 2023-27 award amount of \$45,322,693 for City of Oakland Head Start.

**RECOMMENDATION**

That the Executive Committee recommend that the Commission approve the above contract authorizations.

Submitted by:

DocuSigned by:  
  
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Nick Zhou  
Chief Financial Officer

Reviewed by:

DocuSigned by:  
  
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Cally Martin  
Deputy Chief Executive Officer

DocuSigned by:  
  
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Maria Canteros  
Senior Administrator, Finance

Approved by:

DocuSigned by:  
  
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Kristin Spanos  
Chief Executive Officer



**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Cally Martin, Deputy Chief Executive Officer  
Nick Zhou, Chief Financial Officer  
Maria Canteros, Senior Administrator, Finance

**Date:** April 18, 2024

**Subject:** Fiscal Year 2024-25 Proposed Budget – First Reading

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#### **ACTION REQUESTED**

To review, discuss and provide feedback on the following Fiscal Year 2024-25 Proposed Budget.

#### **BACKGROUND**

Each First 5 Commission is required by statute to adopt a Strategic Plan that outlines the use of tobacco tax funds to serve children ages 0-5 and their families. This budget proposal covers the third year of the new Strategic Plan period, Fiscal Year (FY) 2024-25.

This presentation is the first reading of the FY 2024-25 proposed budget. Staff will prepare the second and final reading for the June 2024 Executive and Commission meetings. Any changes directed by the Commission, new information related to the tobacco tax and other revenue streams, as well as major changes to expenditures will be incorporated between now and the June reading. In addition, the presentation in June will include the list of contracts that require Commission authorization.

As is the practice of First 5 Alameda County, changes that occur during the course of the fiscal year will be formally incorporated into the budget during the Mid-Year Budget Modification in February 2025.

#### **CURRENT BUDGET PROPOSAL**

This document provides a fiscal summary of revenue projections and budgeted expenditures as follows:

- First 5 staff salaries and benefits
- Contracts
- Grants & Stipends
- Professional Service Contracts
- Program Operating costs
- Infrastructure costs

The following Revenue and Expense projections reflect the priorities of the FY 2022-27 Strategic Plan that was approved by the Commission in June 2022.

**REVENUE AND AVAILABLE FUNDS FOR FY 2024-25**

Combined Revenues and Sustainability Funds for FY 2024-25 are projected to be \$65.9 million. We are temporarily using our Sustainability Fund to make a loan to support a steady state so as not to reduce Agency capacity as we anticipate the continued build-out of our local early childhood system. This means we are continuing our maintenance of effort approach as we anticipate the receipt of Measure C funding, which will allow us to repay the loan from our Sustainability Fund, and to replace Prop 10 as tobacco tax revenue declines. Therefore, \$15.9 million of Sustainability Funds is budgeted to close the gap between revenue and projected expenses. This figure is consistent with the proposed FY 2024-33 Long Range Financial Plan.

REVENUE TYPE	2024-25 PROPOSED	RATIONALE/DETAILS
<b>Tobacco Tax</b>		
	\$8,768,292	The tobacco tax revenue projection (Prop 10, Prop 56 and the California Electronic Cigarette Excise Tax) is based on California Department of Finance and First 5 California projections for county commissions. Tobacco taxes are expected to decrease as per First 5 California's projections updated in January 2024 and reflect the decreased revenue due to the passing of the Prop 31 Flavored Tobacco Ban.
<b>Measure AA Tax Revenue</b>		
	\$32,519,042	City of Oakland Measure AA parcel tax funding for the Oakland Children's Initiative.
<b>Other First 5 Income</b>		
	\$865,657	Funding includes the projected First 5 California IMPACT Legacy grant to support local QRIS work, funding for the IMPACT Local Regional Training and Technical Assistance Hub and funding for the Home Visiting Regional Technical Assistance program activities via First 5 San Benito.
<b>Interagency Income</b>		
	\$2,845,037	Funding includes contracts with Alameda County Health Care Services Agency (with combined contribution from the Health Care Services Agency, Social Services Agency, Probation Department, and Child Support Services) to support Fathers Corp work; funding from the Alameda County Office of Education/CA State Block Grant for projected monies for the QRIS grant; funding from Alameda County Public Health Department for shared ECChange maintenance and hosting costs; funding from Alameda County Social Services Agency for workforce development activities, Early ID activities, continued development of the CEL application; and projected monies from the California Department of Social Services for Quality Counts California QRIS Block Grant.

REVENUE TYPE	2024-25 PROPOSED	RATIONALE/DETAILS
<b>Grants</b>		
	\$2,512,844	Funding from Sunlight Giving for general operating support; Alameda Alliance for Health and Stupski Foundation funding for the HMG Pediatric Care Pilot; Child Family & Community Services funding to support Parent Engagement activities and the Hellman Foundation to support development and implementation of a new Kindergarten Readiness Community Study tool.
<b>Fiscal Leveraging</b>		
Fiscal Leveraging	\$2,500,000	Projected funding for Medi-Cal Administrative Activities (MAA); estimates are based on MAA invoices submitted in FY 2023-24.
<b>Total Revenue (1)</b>	<b>\$50,010,872</b>	Tobacco Tax, Other First 5 Income, Interagency Income, Grants, Fiscal Leveraging and Other Income.
<b>Reserves: Sustainability Fund (2)</b>	<b>\$15,938,228</b>	Draw down from Sustainability Fund to balance the budget.
<b>Grand Total</b>	<b>\$65,949,100</b>	Total Revenues and Available Funds = (1) + (2)

**EXPENDITURES FOR FY 2024-25**

In the FY 2022-27 Strategic Plan planned activities are categorized under ten major strategies:

**PROGRAMS STRATEGIES:**

- Early Identification, Screening and Care Coordination
- Parent Partnership
- Neighborhoods Ready for School
- Fatherhood
- Quality Early Care and Education

**AGENCY STRATEGIES:**

- Data and Evaluation
- Policy and Advocacy
- Training
- Communications

**OPERATIONAL SUPPORT STRATEGY:**

- Finance
- Human Resources
- Technology
- Administration and Facilities

The following Expense proposal provides the cost for each of the ten strategies detailed in the Strategic Plan and an additional agency budget strategy for the Children's Health Initiative and Expansion. The



program strategy expenditures presented below consist of Salaries and Benefits, Program related Contracts, Grants, Stipends, Professional Services costs and Program Operating costs. Operational Support Strategies include Finance, Human Resources, Technology, Administration and Facilities costs. Indirect agency infrastructure costs are reflected in the Operational Support Strategies budgets. The budget narrative provides detail on each Strategy and is to be read in conjunction with the Strategic Plan.

Consistent with legislative requirements brought about by AB 109, expense costs continue to be separated into three categories: Program, Evaluation and Administration. The expenses in each category are consistent with First 5 California guidelines, and those set forth in the Government Finance Officers Association's First 5 Financial Management Guide.

### **Administrative Cost Analysis**

First 5 Alameda County has implemented the new Administrative Cost Policy, approved by the Executive Committee on February 8, 2024. This revision aligns with the requirements set forth by AB 109 and SB 35, and adheres to the First 5 Financial Management Guide, ensuring compliance with state regulations. Moving away from a fixed cap, the policy now incorporates a detailed analysis of our indirect costs, conducted annually. This process allows us to determine a more precise allocation for administrative expenses. For the fiscal year 2024-25, this refined approach has resulted in an administrative cost allocation of 22%. This modification in our policy ensures that our budgeting is both responsible and reflective of our operational costs and needs, supporting our ongoing commitment to serve the children and families of Alameda County more efficiently.

The proposed budgets' costs are:

<b>FY 2024-25 COSTS</b>	
Program	74%
Evaluation	4%
Administration	22%
<b>TOTAL</b>	<b>100%</b>

The proposed budget amounts in the following section represent the direct costs associated with each strategy before any adjustments for indirect costs.

### **Salaries and Benefits**

For FY 2024-25, total salaries and benefits are projected to be \$24,472,129. Salaries are budgeted based on actual amounts. Benefits are budgeted at 54% of salaries. Consistent with direction from the Commission, the approved benefit package has remained mostly consistent with Alameda County, including membership in the Alameda County Employee's Retirement Association (ACERA). The 54% allocation is based on actual cost estimates that are revised periodically as needed.

The **Pediatric Care Coordination** (formerly Early Identification) budget proposal for FY 2024-25 is **\$4,929,405** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$4,929,405	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ Alameda Alliance for Health</li> <li>▪ Stupski Foundation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Connect children and families to preventive care, child development resources, early intervention and community supports and help families navigate a complex system of service providers, ensuring equitable access to health and social resources</li> <li>▪ Broaden screening efforts in alignment with Help Me Grow Strategic Plan including enhancing screening technology and purchase of ASQ kits</li> <li>▪ Continue support for HMG Pediatric Care Pilot</li> <li>▪ Continue programming for ACES Aware grant</li> <li>▪ Continue to explore local system integration and expansion with managed care plans, health care and social services agencies</li> </ul>

The **Parent Partnership** strategy budget proposal for FY 2024-25 is **\$2,564,249** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,564,249	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ First 5 San Benito</li> <li>▪ Child Family &amp; Community Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue support of ECE workforce pilot program</li> <li>▪ Continue support of Family Navigation services</li> <li>▪ Continue support of Project DULCE activities</li> <li>▪ Continue support of parent focused services prioritizing children ages 0-3 years with community partners and parent leaders to inform programming and investments</li> </ul>

The **Neighborhoods Ready for School** strategy budget proposal for FY 2024-25 is **\$3,172,293** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$3,172,293	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue support of programs and services in the Castlemont Corridor and conducting neighborhood outreach and family engagement activities.</li> <li>▪ Continue support of Parent Café programming</li> <li>▪ Continue implementation of place-based investments in West and East Oakland, Fruitvale/San Antonio neighborhoods, and Union City.</li> </ul>

The **Fatherhood** strategy budget proposal for FY 2024-25 is **\$808,800** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$808,800	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Alameda County Health Care Services Agency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue incorporating Father Friendly Principles into additional programs and community initiatives</li> <li>▪ Continue Father Friendly Principles awareness, adoption, implementation, and capacity building campaign to public systems and CBOs</li> <li>▪ Implement Fatherhood Interagency Workgroup</li> </ul>

The **Quality Early Care and Education (QECE)** strategy budget proposal for FY 2024-25 is **\$6,623,069** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$6,623,069	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ First 5 San Benito</li> <li>▪ Alameda County Office of Education</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ CA Department of Social Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to provide core infrastructure, coordinator and convener role for the Quality Rating and Improvement System (QRIS)</li> <li>▪ Continue the recruitment, training and engagement of ECE providers in the QRIS</li> <li>▪ Continue to conduct and communicate assessment and rating with providers</li> <li>▪ Continue to support trainings, playgroups and provide stipends for Family, Friend and Neighbor providers and Family Child Care sites</li> <li>▪ Provide coaching, consultation, quality improvement services and training on social emotional development (CSEFEL)</li> <li>▪ Continue support for sustainable advising and professional development in institutions of higher education</li> </ul>

The **Data and Evaluation** strategy budget proposal for FY 2024-25 is **\$2,472,637** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,472,637	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Hellman Foundation</li> <li>▪ Child, Family &amp; Community Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to support evaluations of ECE Workforce activities, lactation programs, Pediatric Care Coordination and Neighborhoods Ready for School programs</li> <li>▪ Continue development of data dashboard, performance monitoring and analysis for each F5AC program strategy in alignment with results-based accountability</li> </ul>

## AGENDA ITEM 7

The **Policy and Advocacy** strategy budget proposal for FY 2024-25 is **\$3,239,480** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$3,239,480	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue focus on local policy and systems changes to result in the institutionalization of the work that began at First 5</li> <li>▪ Contribute to First 5 Association policy work</li> <li>▪ Continue developing an annual policy platform for local efforts aligned with First 5 programs and priorities around school readiness, child development, family supports, child friendly neighborhoods</li> <li>▪ Continue support of Alameda County Early Childhood Policy Committee activities</li> </ul>

The **Training** strategy budget proposal for FY 2024-25 is **\$604,661** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$604,661	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to provide training on best and promising practices, and peer learning communities for the multi-disciplinary workforce serving families with young children</li> <li>▪ Develop curriculum and capacity building tools connecting trainings to workforce development, parent engagement and place based strategies</li> <li>▪ Support training for staff development program</li> </ul>

The **Communications** strategy budget proposal for FY 2024-25 is **\$1,208,938** and consists of:

FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$1,208,938	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Sunlight Giving</li> <li>▪ Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue development of dissemination strategy for First 5 reports and information</li> <li>▪ Continue development of social media strategy</li> <li>▪ Build and maintain a new agency website</li> <li>▪ Develop multi-year campaign that connects with policy platform, parent engagement and education on child development</li> <li>▪ Develop collateral materials regarding impacts of F5 investments to promote sustainability and scale</li> </ul>

The **Operational Support (Finance, Human Resources, Technology, Administration and Facilities)** strategy budget proposal for FY 2024-25 is **\$10,987,567** and consists of:

OPERATIONAL SUPPORT STRATEGY		
FY 2024-25 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$10,987,567	<ul style="list-style-type: none"> <li>▪ Tobacco Tax</li> <li>▪ Medi-Cal Administrative Activities (MAA)</li> <li>▪ Alameda County Public Health Department</li> <li>▪ Alameda County Social Services Agency</li> <li>▪ Indirect Revenue</li> </ul>	<ul style="list-style-type: none"> <li>▪ Includes Administration, Technology, Finance, Human Resources, Commission, facilities management and consolidated operating costs to support agency operations</li> <li>▪ Expand and update data systems to build capacity for cross data systems exchange of information including the enhancement of internal databases, expansion of data system agility and responsiveness, improved performance and productivity, update of electronic data sharing confidentiality and privacy practices</li> <li>▪ Includes agency wide infrastructure costs of insurance, memberships/dues, professional services, utilities, janitorial and maintenance</li> </ul>


**Fiscal Impact**

The fiscal impact is \$65,949,100 in budgeted expenses, a major portion of which will be funded by a combination of Prop 10 and other revenue sources amounting to \$50,010,872. The balance is proposed to be funded by the use of Proposition 10 Sustainability Funds totaling \$15,938,228 in FY 2024-25.

**RECOMMENDATION**

That the Executive Committee review the FY 2024-25 Proposed Budget – First Reading and give feedback for clarification or changes in preparation for the Commission’s second and final reading on June 20, 2024.

Submitted by:

DocuSigned by:  
  
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 Nick Zhou  
 Chief Financial Officer

Reviewed by:

DocuSigned by:  
  
 E38237316EC4482...  
 Cally Martin  
 Deputy Chief Executive Officer

Approved by:

DocuSigned by:  
  
 8493762444274F9...  
 Maria Canteros  
 Senior Administrator, Finance

DocuSigned by:  
  
 ED639B4561544E4...  
 Kristin Spanos  
 Chief Executive Officer

**First 5 Alameda County  
Proposed Budget - Revenue  
July 1, 2024 - June 30, 2025**

Revenues	Final Revised Budget FY2023-24	First Reading Proposed Budget FY2024-25	Change Increase/ (Decrease)	Notes
<b>Tobacco Tax Revenue</b>	9,577,736	8,768,292	(809,444)	FY24-25 Projected Tobacco Tax revenue, per the January 2024 update from First 5 California.
<b>Measure AA Parcel Tax Revenue</b>	24,513,168	32,519,042	8,005,874	FY24-25 projected OCI revenue includes carryover added to base allocation.
<b>Other First 5 Income</b>				
First 5 San Benito (IMPACT Legacy & Hub)	1,311,063	695,486	(615,577)	Budget year 2 of 2 supporting the IMPACT Legacy and IMPACT T/TA Hub activities.
First 5 San Benito (Home Visiting Regional Technical Assistance)	170,171	170,171	-	Budget year 2 of 2 supporting the Home Visiting Regional TA program activities.
<b>Total Other First 5 Income</b>	1,481,234	865,657	(615,577)	
<b>Interagency Income</b>				
Alameda County Health Care Services Agency (Fathers Corp)	464,800	410,000	(54,800)	Budget year 3 of 5 supporting the Fathers Corp, includes \$10,000 rollover funds for completion of the Fatherhood evaluation.
Alameda County Office of Education (QRIS Block Grant)	614,934	614,934	-	Projected level-funding to support the ACOE CSPP Block Grant quality improvement and rating activities.
Alameda County Office of Education (Inclusive ELC Grant)	26,561	-	(26,561)	Renewal funding has not been confirmed from ACOE to support the Inclusive Early Learning Community grant award ended December 31, 2023; renewal of funds has not been confirmed.
Alameda County Public Health Dept. (shared Technology costs)	141,409	141,409	-	Projected ACPHD annual shared technology costs to support ECChange maintenance and hosting.
Alameda County Public Health Dept. (Perinatal Health Outreach Services)	140,000	-	(140,000)	Funding to support the PHOC staff position sunsets June 30, 2024.
Alameda County Social Services Agency (CEL Application)	882,222	421,684	(460,538)	One-time funding to support the CEL Application development, contract extended to June 30, 2025.
City of Berkeley (Fathers Corp)	25,000	-	(25,000)	One-time funding to support the Fatherhood activities in FY23-24.
<b>Federal Pass-through Grants:</b>				
Alameda County Housing and Community Development Agency (Unincorporated Needs Assessment)	30,407	-	(30,407)	One-time funding to support the needs assessment for the unincorporated Alameda County ends June 30, 2024.
Alameda County Public Health Dept. CHDP (CAP)	479,658	-	(479,658)	Funding to support the Central Access Phone lines sunsets June 30, 2025.
Alameda County Social Services Agency (Family Navigator, Comprehensive Child Development and Workforce Pilot)	717,508	725,000	7,492	Budget year 1 of 3 supporting the Workforce Apprenticeship pilot, family navigation and HMG activities, contract ends June 30, 2027.
<b>Federal Pass-through State Grants:</b>				
California Dept. of Social Services (QCC QRIS Block Grant)	515,119	532,010	16,891	Projected FY24-25 award for the Quality Counts California QRIS Block grant.
<b>Total Interagency Income</b>	4,037,618	2,845,037		
<b>Grants</b>				
Sunlight Giving	525,000	440,000	(85,000)	General Support award year 3 of 3 for \$200K plus carryover.
Alameda Alliance for Health	1,594,344	1,594,344	-	Projected level-funding to support the Pediatric Care Coordination and Pilot activities.
Hellman Foundation (via CA Children and Families Foundation)	100,000	100,000	-	One-time 2 year award to support KRA-activities, supporting the School Readiness Consulting (SRC) contract.
Stupski Foundation	214,877	106,000	(108,877)	One-time funding to support the Pediatric Care Coordination Director position, funding ends December 31, 2024.
Kaiser Permanente Hospitals Foundation	102,188	-	(102,188)	One-time funding to support Fatherhood activities ended December 31, 2023.
Child Family & Community Services (via CA Children and Families Foundation)	1,072,600	272,500	(800,100)	One-time funding from defunct organization to support Parent Partnership activities.
California Wellness Foundation	20,000	-	(20,000)	One-time funding to support the Fatherhood Summit.
Heising-Simons Foundation	20,000	-	(20,000)	One-time funding to support the Fatherhood Summit.
Kresge Foundation	70,000	-	(70,000)	One-time funding to support the Fatherhood Summit.
Fatherhood Summit Sponsors	61,070	-	(61,070)	One-time funding to support the Fatherhood Summit.
<b>Total Grants</b>	3,780,079	2,512,844	(1,267,235)	
<b>Fiscal Leveraging - MediCal Administrative Activities</b>	2,500,000	2,500,000	-	Projected revenue from Medi-cal Administrative Activities (MAA).
<b>Other Income</b>				
Investment Revenue	324,000	-	(324,000)	Projected decrease in investment revenue as use of sustainability funds are planned.
Miscellaneous Revenue - Other	-	-	-	
<b>TOTAL REVENUE</b>	46,213,835	50,010,872	3,797,037	
<b>RESERVES</b>				
<b>Proposition 10 - Sustainability Funds</b>	10,177,886	15,938,228	5,760,342	
<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	56,391,721	65,949,100	9,557,380	

**First 5 Alameda County**  
**Proposed Expenditure Budget by Expenditure Category**  
**July 1, 2024 - June 30, 2025**

Expenditures	Final Revised Budget FY2023-24	1st Reading Proposed Budget FY2024-25	Difference	Variance from Prior Year	Notes
Personnel Costs	\$20,726,421	\$24,472,129	\$3,745,708	18%	
Program Contracts/Grants	\$33,534,005	\$39,305,516	\$5,771,511	17%	
Program Operating Costs	\$629,447	\$649,495	\$20,048	3%	
Infrastructure Costs	\$1,501,848	\$1,521,960	\$20,112	1%	
<b>TOTAL EXPENDITURES</b>	<b>\$56,391,721</b>	<b>\$65,949,100</b>	<b>\$9,557,379</b>	<b>17%</b>	

**Notes:**

Major changes in Expenditure Category costs, between the FY 2023-24 Final Revised Budget and the Proposed FY 2024-25 Budget.

**1. Personnel Costs**

FY 2024-25 proposed personnel increases to support the implementation of the Children's Health Initiative (Measure AA) and infrastructure expansion.

**2. Program Contracts/Grants**

FY 2024-25 proposed increase in contracts and grants reflect increases in the Oakland Children's Initiative partners to include carover funds.

**3. Program Operating Costs**

FY 2024-25 proposed increase in program costs are adjusted based on funded activities.

**First 5 Alameda County  
Proposed Operating Expenditure Budget By Strategy  
July 1, 2024 - June 30, 2025**

**AGENDA ITEM 7.3**

	Parent Partnership	Pediatric Care Coordination	Quality Early Care and Education	Fatherhood	Neighborhoods Ready for School	Policy & Advocacy	Data & Evaluation	Training	Communications	Operational Support (Finance, Human Resources, Technology & Admin/Facilities)	Children's Health Initiative	TOTAL ORIGINAL BUDGET
<b>FY 2024-25 1ST READING PROPOSED BUDGET</b>												
	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25
<b>Personnel Costs</b>												
Salaries & Benefits	972,067	3,965,171	4,062,562	511,054	608,373	2,866,274	1,456,527	417,258	494,611	7,421,417	1,696,814	24,472,129
<b>Program Contracts/Grants</b>												
Contracts	1,592,182	891,134	1,948,203	240,000	2,487,920	288,206	1,007,500	109,200	603,800	1,809,000	27,598,186	38,575,331
Grants & Stipends	0	0	442,000	3,000	0	0	0	0	0	0	0	445,000
Professional Services*	0	0	85,151	30,000	61,000	0	0	58,300	0	50,734	0	285,185
Total Contracts/Grants	1,592,182	891,134	2,475,354	273,000	2,548,920	288,206	1,007,500	167,500	603,800	1,859,734	27,598,186	39,305,516
<b>Program Operating Costs**</b>	0	73,100	85,153	24,746	15,000	85,000	8,610	19,903	110,527	184,456	43,000	649,495
<b>Infrastructure Costs</b>	0	0	0	0	0	0	0	0	0	1,521,960	0	1,521,960
<b>Total Direct Program Costs</b>	<b>2,564,249</b>	<b>4,929,405</b>	<b>6,623,069</b>	<b>808,800</b>	<b>3,172,293</b>	<b>3,239,480</b>	<b>2,472,637</b>	<b>604,661</b>	<b>1,208,938</b>	<b>10,987,567</b>	<b>29,338,000</b>	<b>65,949,100</b>

\* Professional Services Contracts: Contracts with individuals or vendors for time limited services that support program work (e.g. consultants, web design, etc.)

\*\* Program Operating Costs: Costs that support agency program implementation (e.g. supplies, travel, meeting costs, etc.)





**To:** First 5 Alameda County Executive Committee

**From:** Kristin Spanos, Chief Executive Officer  
Cally Martin, Deputy Chief Executive Officer  
Nick Zhou, Chief Financial Officer  
Maria Canteros, Senior Administrator, Finance

**Date:** April 18, 2024

**Subject:** Fiscal Year 2024-2034 Long Range Financial Plan – First Reading

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**ACTION REQUESTED**

To review the following Fiscal Year (FY) 2024-2034 Long Range Financial Plan.

**BACKGROUND**

First 5 Alameda County has adopted a Long-Range Financial Plan (LRFP) annually since March 2004. Adoption of a Long-Range Financial Plan has been a statutory requirement of all First 5 Commissions since 2006-07. The current LRFP was formally approved by the Commission in June 2023. An update to the LRFP is included with underlying assumptions as well as historical background information. The update reflects the Proposed Budget for FY 2024-25 and the most recent Tobacco Tax revenue forecast from the California Department of Finance and First 5 California as of January 2024.

**MINIMUM FUND BALANCE REQUIREMENTS**

First 5 Alameda County has used Sustainability Funds to augment operating budget needs and to meet revenue shortfalls, to the extent authorized by the Commission. The Sustainability Fund balance as of June 30, 2023 was \$27.7 million. This Fund may not be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer for delays in receiving state tobacco tax monies or other revenues. The policy is to maintain an amount in the Fund Balance, at a minimum, equal to six months of Prop 10 operating expenses plus an amount to cover fiscal obligations under the Reduction in Workforce Policy.

**FISCAL IMPACT**

There is no fiscal impact.

**AGENDA ITEM 8**

**RECOMMENDATION**

To review the following Fiscal Year 2024-2034 Long Range Financial Plan and to give feedback for clarification or changes in preparation for the Commission’s second and final reading on June 20, 2024.

Submitted by:

DocuSigned by:  
*Nick Zhou*  
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\_\_\_\_\_  
Nick Zhou  
Chief Financial Officer

Approved by:

DocuSigned by:  
*Kristin Spanos*  
ED639B4561544E4...  
\_\_\_\_\_  
Kristin Spanos  
Chief Executive Officer

DocuSigned by:  
*Maria Canteros*  
8493762444274F9  
\_\_\_\_\_  
Maria Canteros  
Senior Administrator, Finance

Reviewed by:

DocuSigned by:  
*Cally Martin*  
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Cally Martin  
Deputy Chief Executive Officer

**ASSUMPTIONS FOR THE REVISED LONG RANGE FINANCIAL PLAN**

Presented below are the assumptions used to develop the Long-Range Financial Plan.

**REVENUES**

FY 2023-24 figures reflect the revised budget approved in February 2024. For FY 2023-24 and subsequent years, the following revenue assumptions were used:

- **Tobacco Tax** – The California Department of Finance (DoF) prepared revised projections of First 5 tobacco tax revenues in January 2024 through the period ending FY 2027-28. These consider the effects of the federal tobacco tax, other declines in state tobacco tax revenues due to newer legislation (SBX2-7 Smoking Age Increase to 21 effective June 2016, Proposition 56 \$2 dollar tobacco tax increase effective April 2017, Proposition 31 Flavored Tobacco Ban), Prop 99, backfill amounts and other factors. The projections listed below cover FY 2023-2034.

Historically, the DoF projections have been on the conservative side; actual revenues received being equal to or higher than projections with the exception of FY 2018-19 and FY 2021-22. We anticipate receiving updated revenue projections from the DoF and First 5 CA periodically and we will continue to forecast revenue conservatively.

<u>Fiscal Year</u>	<u>DoF Projection</u>	<u>Actual Revenue</u>
2010-2011	\$14.0m	\$14.3m
2011-2012	\$13.8m	\$14.5m
2012-2013	\$13.3m	\$13.6m
2013-2014	\$13.2m	\$13.2m
2014-2015	\$13.0m	\$13.3m
2015-2016	\$12.1m	\$13.2m
2016-2017	\$11.6m	\$12.6m
2017-2018	\$10.6m	\$11.3m
2018-2019	\$12.8m	\$12.1m
2019-2020	\$11.5m	\$12.6m
2020-2021	\$11.9m	\$13.0m
2021-2022	\$12.9m	\$12.5m
2022-2023	\$11.0m	\$11.1m
2023-2024	\$10.0m	
2024-2025	\$8.8m	
2025-2026	\$7.8m	
2026-2027	\$7.4m	
2027-2028	\$7.2m	
2028-2029	\$7.0m	
2029-2030	\$6.8m	
2030-2031	\$6.6m	
2031-2032	\$6.4m	
2032-2033	\$6.2m	
2033-2034	\$6.0m	

**AGENDA ITEM 8**

Based on the above DoF projection for FY 2023-24, the Long-Range Financial Plan assumes a 9.1% decrease in tax revenue from the prior year. Beyond FY 2024-25, revenues are expected to continue decreasing at rates between approximately 12% to 3% per year through 2034. If actual revenues show a significant change during the year, the projection for the current year will be brought to the Commission at mid-year, along with other budget modification proposals.

- **Measure AA Tax Revenue** – Funding from the City of Oakland Measure AA parcel tax for the Oakland Children’s Initiative Early Education Fund activities (\$32,519,042)
- **Interagency Income -**
  - Funding from First 5 California via First 5 San Benito (IMPACT Legacy and IMPACT Local Regional T/TA Hub) – to support local QRIS work including rating and quality improvement in child care settings (\$695,486)
  - Funding from First 5 San Francisco via First 5 San Benito – for Home Visiting Regional Technical Assistance program activities (\$170,171)
  - Funding from AC Health Care Services Agency, AC Social Services Agency, Probation Department, and Child Support Services to support Fathers Corps work (\$410,000)
  - AC Public Health Department funding for ECChange database hosting and maintenance (\$141,409)
  - Funding from AC Office of Education Block Grant 10 to support Quality Rating Improvement Systems (QRIS) work (projected award \$614,934)
  - Pass through funding from AC Social Services Agency to support early child development activities in the Castlemont neighborhood, workforce development pilot and family navigation services (\$725,000)
  - Funding from AC Social Services Agency to support the Centralized Eligibility List (CEL) Application Project (\$421,684)
- **State Grants -**
  - Funding from the California Department of Social Services QCC QRIS Block Grant (projected award \$532,010)
- **Other Grants –**
  - Projected funding from the Alameda Alliance for Health for continued support of HMG's Pediatric Care Pilot to conduct member engagement activities related to care coordination (\$1,594,344)
  - Funding from the Stupski Foundation through December 2024 to support HMG’s Pediatric Care Coordination activities (\$106,000)
  - Funding from Sunlight Giving for general operating support (\$440,000)
  - Funding from the Child Family & Community Services (via CA Children and Families Foundation) to fill gaps in Alameda County’s early childhood system (\$272,500)
  - Funding from the Hellman Foundation (via CA Children and Families Foundation) to identify and implement a countywide Kindergarten Readiness Community Study tool (\$100,000)

As and when new grants are awarded, the Long-Range Financial Plan will be revised accordingly.

- **Miscellaneous Income** – None

**AGENDA ITEM 8**

- **Fiscal Leveraging** – Since FY 2009-10, fiscal leveraging revenues consist entirely of federal reimbursements under the Medi-Cal Administrative Activities (MAA) program. Gross MAA revenues for the prior fiscal year are usually received 8-12 months in arrears. As a result of the perpetual time study methodology introduced by the granting agency in FY 2013-14 and the inclusion of actual client count for invoicing, revenues are expected to average approximately \$2.5 million. For the purposes of this LRF, it is assumed that programs eligible for MAA claiming will be reimbursed at this level in the FY 2024-25 budget year and conservatively continuing between \$2.5 million to \$1.8 million through FY 2032-33.

**EXPENSES**

FY 2024-25 expenditure figures are from the current proposed budget process. For FY 2025-34, total expenses have been reduced to leave a minimum fund balance as recommended below. The plan does not provide for any cost-of-living allowances or inflationary increases. In prior years these increases have been covered within the range of annual budgetary savings, and this is expected to continue in future years as well.

**Use of Sustainability Funds**

First 5 has used the Sustainability Fund to support a steady state to maintain Agency capacity as we anticipate the continued build-out of the early childhood system and to close the gap between program costs and declining Prop 10 revenue. Therefore, \$15.9 million of Sustainability Funds is budgeted to close the gap between revenue and projected expenses. This figure is consistent with the proposed FY 2024-34 Long Range Financial Plan.

Additionally, since the passage of Measure C, First 5 has temporarily loaned funds from the Sustainability Fund to help the organization prepare for implementation of Measure C. When the loan is repaid, the funds will be restored to the Sustainability Fund.

**MINIMUM FUND BALANCE REQUIREMENTS**

The Sustainability Fund cannot be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer if there are delays in receiving state tobacco tax revenues or other revenues. The recommendation is to maintain an amount in the Fund Balance, at a minimum, equal to six months of Prop 10 operating expenses plus an amount to cover fiscal obligations.

**HISTORICAL BACKGROUND**

The Long-Range Financial Plan tool was designed to strategically guide the use of First 5 Alameda County's Sustainability Fund. The Sustainability Fund was established by the First 5 Alameda County Commission as a strategy to ensure a long-term commitment to funding services for children ages 0-5, even as the tobacco tax revenue declined.

The Sustainability Fund is projected to be approximately \$26.3 million at the end of the current 2023-24 fiscal year and was accumulated in a number of ways over the past years. First, the Fund developed through the initial reserve that occurred when tax dollars were accumulated but could not be spent until a Strategic Plan was passed (Jan. 1999-Jan. 2000). Thereafter, contributions to the Sustainability Fund

**AGENDA ITEM 8**

were intentionally budgeted over several years (2001-2004). Finally, budgeted funds that remained unspent were directed by the Commission to be added to the Sustainability Fund, rather than be rolled-over to the subsequent year's budget (2001-present). It is important to note however that, Sustainability Funds have been budgeted for program use since 2005-06, which means that expenses have been projected higher than revenues in each of those years, but budget savings in those years made it unnecessary to draw from the Fund. These changes have resulted in draws periodically from the Sustainability Fund only since FY 2009-10.

The following is a summary of the use of sustainability funds as indicated in the Long-Range Financial Plan. The plan assumes that Sustainability Funds will continue to be used to maintain a balanced budget, throughout the plan time frame.

<u>Draw down from Sustainability for Operations (\$millions)</u>		
<u>Fiscal Year</u>	<u>Planned draw down</u>	<u>Actual amount drawn</u>
<u>FY 2009-2013 Strategic Plan</u>		
2009-10	\$6.9m	\$3.3m
2010-11	\$9.3m	\$6.7m <sup>1</sup>
2011-12	\$4.1m	\$0.8m
2012-13	\$9.0m	\$5.3m <sup>2</sup>
<u>FY 2013-17 Strategic Plan</u>		
2013-14	\$1.7m	\$0.0
2014-15	\$2.3m	\$1.5m
2015-16	\$2.3m	\$1.2m
2016-17	\$4.9m	\$0.0
<u>FY 2017-22 Strategic Plan</u>		
2017-18	\$3.5m	\$0.0
2018-19	\$2.0m	\$0.0
2019-20	\$3.7m	\$0.0
2020-21	\$6.1m	\$1.4m
2021-22	\$4.1m	\$2.0m
<u>FY 2022-27 Strategic Plan</u>		
2022-23	\$5.0m	\$2.3m
2023-24	\$5.9m	

<sup>1</sup> Increased outlay on Contracts in order to reduce fund balance in anticipation of AB 99 – which required all First 5s to transfer half their fund balance to the State of CA by the end of 2012. AB 99 was subsequently repealed and the threat passed.

<sup>2</sup> Purchase of office building at 1115 Atlantic Ave., Alameda in April 2013.

Dollars in Thousands

	2022 - 2027 Strategic Plan					2027-2032 Strategic Plan TBD					2032-2037 Strategic Plan TBD	
	Actual	Projected	Proposed	Projections		2027/28	2028/29	Projections		Projections		
	2022/23	Rev & Exp 2023/24	Budget 2024/25	2025/26	2026/27			2029/30	2030/31	2031/32	2032/33	2033/34
<b>Beginning Fund Balance</b>	\$ 30,060	\$ 27,755	\$ 26,336	\$ 10,397	\$ 9,230	\$ 7,642	\$ 7,332	\$ 7,306	\$ 7,070	\$ 7,132	\$ 6,997	\$ 6,671
<b>REVENUES</b>		-13.5%	-8.4%	-10.7%	-5.4%							
Proposition 10 Tobacco Tax	\$ 11,067	\$ 9,577	\$ 8,768	\$ 7,833	\$ 7,412	\$ 7,190	\$ 6,974	\$ 6,765	\$ 6,562	\$ 6,365	\$ 6,174	\$ 5,989
City of Oakland Measure AA Tax	\$ 3,667	\$ 24,513	\$ 32,519	\$ 30,529	\$ 32,022	\$ 32,022	\$ 32,022	\$ 32,022	\$ 32,022	\$ 32,022	\$ 32,022	\$ 32,022
Other First 5 Revenue	\$ 1,483	\$ 1,481	\$ 866	\$ -	\$ -							
- First 5 California (IMPACT 2020)	\$ 1,225	\$ 1,311	\$ -	\$ -	\$ -							
- First 5 San Francisco/Childrens Council of SF (T/TA Hub)	\$ 258	\$ -	\$ -	\$ -	\$ -							
- First 5 San Benito (IMPACT Legacy & Hub)			\$ 696									
- First 5 San Benito (Home Visiting Regional TA)		\$ 170	\$ 170									
<b>Interagency Income - County</b>	\$ 2,398	\$ 3,523	\$ 2,313	\$ 1,125	\$ 1,125							
- ACHCSA (Fathers Corps)	\$ 335	\$ 465	\$ 410	\$ 400	\$ 400							
- ACPHD (Data Systems Hosting and Maintenance)	\$ 134	\$ 141	\$ 141									
- ACPHD (Home Visiting/PHOC)	\$ 140	\$ 140	\$ -									
- AC Office of Educ. (QRIS Block Grant)	\$ 447	\$ 615	\$ 615									
- AC Office of Educ. (Inclusive Early Learning)	\$ 80	\$ 27	\$ -									
- City of Berkeley (Fathers Corp)	\$ -	\$ 25	\$ -									
<b>Interagency Income - Federal Pass-through</b>												
- ACPHD HMG Linkage Line	\$ 431	\$ 480	\$ -									
- ACHCDA (Unincorporated Needs Assessment)	\$ 20	\$ 30	\$ -									
- ACSSA (Navigation, Workforce Pilot, Comp Child Dev)	\$ 683	\$ 718	\$ 725	\$ 725	\$ 725							
- ACSSA (CEL Application Project)	\$ 128	\$ 882	\$ 422									
<b>State Grants - Federal Pass-through</b>	\$ 552	\$ 515	\$ 532	\$ -	\$ -							
- CA Dept. of Social Services (QCC QRIS Block Grant)	\$ 497	\$ 515	\$ 532									
- CA Dept. of Education (Preschool Development Grant)	\$ 55	\$ -	\$ -									
<b>Other Grants (Private, Foundation or Other)</b>	\$ 3,009	\$ 3,719	\$ 2,513	\$ -	\$ -							
- Alameda Alliance for Health	\$ 1,453	\$ 1,594	\$ 1,594									
- Sunlight Giving	\$ 270	\$ 525	\$ 440									
- Stupski Foundation	\$ 47	\$ 215	\$ 106									
- CA Wellness Foundation	\$ 20	\$ 20	\$ -									
- Heising-Simons Foundation	\$ -	\$ 20	\$ -									
- Kresge Foundation	\$ -	\$ 70	\$ -									
- Hellman Foundation	\$ -	\$ 100	\$ 100									
- Child Family & Community Services	\$ 1,199	\$ 1,073	\$ 273									
- Tipping Point	\$ 20	\$ -	\$ -									
- Kaiser Permanente Hospitals Foundation	\$ -	\$ 102	\$ -									
<b>Miscellaneous Income</b>	\$ 15	\$ 61	\$ -									
Fiscal Leveraging (MAA)	\$ 2,560	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850	\$ 1,850
Investment Income	\$ 102	\$ 324	\$ -	\$ 109	\$ 97	\$ 80	\$ 77	\$ 77	\$ 74	\$ 75	\$ 73	\$ 70
<b>TOTAL REVENUES</b>	\$ 24,853	\$ 46,213	\$ 50,011	\$ 42,096	\$ 43,156	\$ 41,142	\$ 40,923	\$ 40,713	\$ 40,508	\$ 40,312	\$ 40,119	\$ 39,931
<b>TOTAL EXPENSES</b>	\$ 25,961	\$ 56,392	\$ 65,949	\$ 40,654	\$ 42,147	\$ 39,522	\$ 39,022	\$ 39,022	\$ 38,522	\$ 38,522	\$ 38,522	\$ 38,522
<b>TOTAL PROP 10 EXPENSES</b>	\$ 16,549	\$ 19,756	\$ 27,207	\$ 9,000	\$ 9,000	\$ 7,500	\$ 7,000	\$ 7,000	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
<b>CASHFLOW</b>												
<b>Total Disbursements</b>	\$ 25,961	\$ 56,392	\$ 65,949	\$ 40,654	\$ 42,147	\$ 39,522	\$ 39,022	\$ 39,022	\$ 38,522	\$ 38,522	\$ 38,522	\$ 38,522
<b>(Shortfall)/Surplus Revenue over Expenses (Use of Sustainability Fund)</b>	\$ (2,305)	\$ (1,419)	\$ (15,939)	\$ (1,167)	\$ (1,588)	\$ (310)	\$ (26)	\$ (235)	\$ 62	\$ (135)	\$ (326)	\$ (511)
<b>Ending Fund Balance</b>	\$ 27,755	\$ 26,336	\$ 10,397	\$ 9,230	\$ 7,642	\$ 7,332	\$ 7,306	\$ 7,070	\$ 7,132	\$ 6,997	\$ 6,671	\$ 6,160
<b>MINIMUM PROP 10 FUND BALANCE REQUIRED</b> (50% OR 6 Months of Prop 10 Budgeted Expenses)	\$ 8,275	\$ 9,878	\$ 13,604	\$ 4,500	\$ 4,500	\$ 3,750	\$ 3,500	\$ 3,500	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250

### LONG RANGE FINANCIAL PLAN FY 2024-2034 BUDGET & FUND BALANCE IN MILLIONS

STRATEGIC PLAN (2022-27)

