Present: Dan Becerra, Elena Burnett, Lillian Martinez, Meagan Miller, Debra Newman, and Lou Paparozzi – Committee Members
Cynthia Fernandez – VAC Representative
Kimberly Bowser, Liz Cassell, and Archie Rucker – Guests
Ruth Janka, Jennifer Kaiser, Michele Marra, Vini Montague, Kim Rolfes, and George Stevens – Staff Members

Absent: All present

I. Call to Order & Introductions
Dan called the meeting to order at 6:05 p.m. and introductions were made.

II. Public Input – There was no public input.

III. Consent Items
A. Approval of Revised Agenda
   Item VII. was moved to become item IV. and items V.J.1. and V.J.2. were added.
   M/S/C (L. Paparozzi/M. Miller) To approve the revised agenda as modified.

B. Approval of Minutes from the July 25th Meeting
   M/S/C (D. Newman/E. Burnett) To approve the minutes as presented.

IV. Executive Session
A. Personnel Issue
   M/S/C (L. Paparozzi/M. Miller) To go into executive session at 6:08 p.m.
   The executive session ended at 7:00 p.m. and the meeting resumed.

V. Committee Business
A. Review Center’s Contract with DDS
   The center received its preliminary “E” contract with the Department of Developmental Services (DDS) and copies were provided. The center has a 5-year contract with DDS, so each year begins with a letter (A-E) and each
allocation is numbered accordingly (e.g. E-1, E-2, etc.). The preliminary contract provides $375.3 million (about 80%) of the funding we will receive for this fiscal year. No changes have been made to the contract language, so it is the same language as our contract for FY 2017-18. The contract contains 9 articles and 6 exhibits. Kim briefly reviewed the contents of each article with the committee. Please see Kim with any questions.

B. Review Center’s Insurance Coverage for FY 2018-19

Copies of the center’s insurance coverage report were provided and Kim Bowser, area vice president for Gallagher Insurance, reviewed the following insurance coverage and the annual premium with the committee:

- General/professional liability: $89,793 ($203 less than last fiscal year)
- Excess liability: $47,972 ($9,820 more)
- Directors & officers liability ($80,683) ($64 more)
- Property: $32,633 ($3,527 more)
- Excess crime: $7,260 ($346 more)
- Earthquake/flood: $34,582
- Cyber liability: $30,817 ($899 less)
- Fiduciary liability: $4,868 ($201 more)
- Employed lawyers professional liability: $3,441 ($76 more)
- Workers compensation: $695,465 ($156,981 less)

The total premium for all policies was $1,027,514, or $140,268 less than last fiscal year, primarily due to the drop in premium for workers compensation.

C. Financial Report

The July 2018 financial report showed that the center’s operations budget for FY 2018-19 was $52,233,998, the purchase of service (POS) budget was $421,422,410, and the family resource center budget was $207,187, for a total budget of $473,863,595 at this point. The administrative expenses are always high in the month of July because there are many up front expenditures at the beginning of each fiscal year (e.g. insurance premiums); however it is the annualized operations expenses that need to remain under the 15% cost cap. The projected annual administrative operating expense percentage was 13.2% during the month of July 2018.

1. E-1 Allocation: Kim presented a comparison between the center’s operations budget for FY 2017-8 and FY 2018-19. In general operations
funding, the budget increased by $2.9 million, or 6.52%. In restricted operations funding the budget was decreased by $254,651, or 6.08%. Kim explained that this was due to the fact that DDS has not yet approved regional center FY 2018-19 community placement plans (CPPs)/community resource development plans (CRDPs). Kim also shared information with the committee about the reductions that have been made to regional center operations budgets since FY 2001-02; these reductions were made when the state budget was facing deficits, but the reductions have never been restored. For NLACRC, our total reduction came to $4,823,469 for this fiscal year, and increase of $156,941 since last fiscal year. Kim shared that the center’s projected E-1 operations allocation was projected to be reduced by $300,000 due to a change in the methodology utilized by DDS to allocate funding for intakes to regional centers. Kim explained that DDS utilized each regional center’s projected intake growth numbers reported in the spring survey to allocate intakes to the regional center. The forthcoming reduction in the center’s operations allocation was due to the fact the center utilized a different methodology to project the center’s intake growth which made the center’s projected intake growth for FY 2018-19 significantly higher than the methodology most all regional centers were utilizing to project intake growth. George explained that there were three regional centers, of which NLACRC was one, using a different intake growth methodology which caused an inequity in the allocation of intake funding across all 21 regional centers. It was reported that DDS was actively working with the Association of Regional Center Agencies (ARCA) to establish an allocation methodology to resolve the issue and equitably allocate intake funding to all 21 regional centers. It was reported that the center’s revised E-1 operations allocation would be forthcoming once there was agreement on the allocation methodology to allocate the intake funding to all 21 regional centers.

2. FY 2015-16 Final Contract Balances: Kim provided the committee with a chart showing the final budget balances for FY 2015-16. The center spent $372,876,704 of the $373,796,336 allocated to the center, a difference of only $919,631.66; of which $49,820.36 of operations funding was reverted to the state and $869,811.30 of POS funding was reverted to the state.

D. 4th Quarter Report on Post-Retirement Medical Trust Transactions

During the 4th quarter of last fiscal year, the center paid $7,884 in ongoing fees and $19,747 in investment management fees for a total of $27,631. The total fees paid during FY 2017-18 was 108,999. Attached to the report was an explanation of the trust fees and how they were calculated.
E. Executed Contracts by NLACRC

1. 7th Floor Office Expansion: Two amendments were made to existing contracts since last month’s committee report: Holwick Constructors ($28,256) and Western Office LA ($2,059).

2. Minimum Wage Increase – No Report

3. Contract Renewals – No Report

F. Contracts for Review and Recommendation

1. Behavior Therapy Clinic (PL0547-620)
2. STAR of California (PL1115-620)
3. GROUP: Four (4) Service code 707
4. GROUP: Nine (9) Service code 785

M/S/C (E. Burnett/D. Newman) To recommend to the Board of Trustees to approve the 4 contracts listed above, as presented.

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

Vini provided the committee with copies of this month’s ICF/SPA update. By fiscal year, the amount of cash disbursed by NLACRC but not reimbursed by ICF providers is:

1. FY 2018-19: $ 607,589
2. FY 2017-18: $2,443,963
3. FY 2016-17: $ 369,706
4. FY 2015-16: $ 19,503
   Total: $3,440,761

This total is $283,062 more than what was reported at last month’s committee meeting.

H. DDS Audit of NLACRC Update

Vini provided the committee with a copy of the center’s response to the audit findings identified in the DDS draft audit report for FY 2015-16 and FY 2016-17. Three audit findings were identified by DDS, which were discussed at last month’s committee meeting and Vini addressed each audit finding in the center’s
letter to DDS. Vini reported that for the audit finding involving the family cost participation program (FCPP) assessments that NLACRC would be required to reimburse DDS in the amount of $8,000 through operations.

I. Notification Letter to DDS re: Representative Payee Change

The center, through its request for proposals process, has selected FACT to provide money management services. Starting October 1st, the center will begin the process to transition representative payee services provided by the center to FACT. FACT will support consumers who reside in residential placement and who require assistance in managing third-party benefits, such as Social Security and Medi-Cal benefits. The center is currently the representative payee for nearly 1,500 consumers. A copy of the letter that the center will send to DDS informing them of this change, was provided to the committee for their information. Kim informed the committee that the transition of the transition representative payee services provided by the Center to FACT would reduce the center’s operations allocation.

J. Monthly Human Resources Report

Michele provided the committee with copies of the summary and reviewed it with the committee. The summary included the following information:

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19 authorized positions</th>
<th>536</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Open positions on hold</td>
<td>-4</td>
</tr>
<tr>
<td>3.</td>
<td>Open positions vacant</td>
<td>-54</td>
</tr>
<tr>
<td>4.</td>
<td>Separations</td>
<td>-4</td>
</tr>
<tr>
<td>5.</td>
<td>Sub-total</td>
<td>474</td>
</tr>
<tr>
<td>6.</td>
<td>New hires</td>
<td>+14</td>
</tr>
<tr>
<td>7.</td>
<td>Positions filled</td>
<td>488</td>
</tr>
</tbody>
</table>

1. FY 2018-19 Staffing Plan: Michele shared copies of the center’s proposed staffing plan, which will focus on hiring additional consumer service coordinators (CSCs) so we will be able to meet the required caseload ratios: 6 CSCs for non-Early Start (1:84); 5 CSCs for Early Start (1:62), and 3 CSCs for our new self-determination program. In addition, the center’s goal is to hire a net of 5 CSCs per month. We are also re-opening our 11 CSC “officer of the day” (OD) and floater positions. In addition to the CSC positions, we also plan to add new 2 supervisor positions, a psychologist position, and convert the self-determination specialist position to a self-determination supervisor position (bilingual Spanish).
2. Proposed Chief Organizational Development Officer (CODO)/Human Resources (HR) Restructure Plan:

Michele presented a proposed plan to the committee that would building a strong foundation that would drive change, nurture grown and development, and solidify the center’s succession planning. These proposed changes would be cost-neutral to the center.

M/S/C (L. Paparozzi/E. Burnett) To recommend that the proposed CODO/HR restructure plan be presented to the Board of Trustees for their approval.

K. FY 2017-18 Committee Action Log

Copies of the committee’s action log were provided. The log lists all of the formal and informal actions that the Administrative Affairs Committee took last fiscal year.

VI. Items for the Next Board Meeting

The following items were identified for the committee’s section of the September 12th board meeting agenda:

A. Minutes of the August 29th Meeting
B. Financial Report
C. Approval of Changes to Board Audit
D. Approval of Contracts
   1. Behavior Therapy Clinic (PL0547-620)
   2. STAR of California (PL1115-620)
   3. GROUP: Four (4) Service code 707
   4. GROUP: Nine (9) Service code 785
E. Approval of CODO/HR Restructure Plan

VII. Announcements/Information/Public Input

A. Next Meeting: Wednesday, September 26th, at 6:00 p.m.

VIII. Adjournment

Dan adjourned the meeting at 8:24 p.m.
Submitted by,

*Jennifer Kaiser*
Jennifer Kaiser  
Executive Assistant

[aamin.aug29.2018]