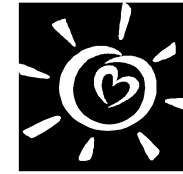


BOARD OF GOVERNORS
Finance & Budget Committee
Meeting Minutes – October 25, 2017

1055 W. 7th Street, Los Angeles, CA 90017



L.A. Care
 HEALTH PLAN

All votes during a teleconferenced portion of the meeting were by roll call

Members

Michael Rembis, *Chairperson* **
 Mark Gamble
 Louise McCarthy
 Hilda Perez
 Kimberly Uyeda, MD

Management/Staff

Terry Brown, *Chief Human Resources Officer*
 Augustavia J. Haydel, Esq., *General Counsel*
 Marie Montgomery, *Chief Financial Officer*
 Richard Seidman, MD, *Chief Medical Officer*

**Absent ** Via Teleconference*

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
CALL TO ORDER Louise McCarthy	On behalf of Michael Rembis, <i>Committee Chairperson</i> , Board Chairperson Louise McCarthy called the meeting to order at 1:10 p.m. She announced that members of the public may address the Committee on each matter listed on the agenda before or during the Committee’s consideration of the item, or on any other topic at the Public Comment section.	
APPROVE MEETING AGENDA Louise McCarthy	The Agenda for today’s meetings was approved.	Approved unanimously by roll call. 5 AYES (Gamble, McCarthy, Perez, Rembis and Uyeda)
PUBLIC COMMENTS	There was no public comment.	
APPROVE MEETING MINUTES Louise McCarthy	The minutes of the September 27, 2017 meeting were approved as presented.	Approved unanimously by roll call. 5 AYES
CHAIRPERSON’S REPORT	Chair McCarthy noted that:	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> • There is no board meeting in November 2017; the next board meeting is scheduled on December 7. • There is no CEO report, as John Baackes, <i>Chief Executive Officer</i>, is not able to attend today's meeting. 	
CHIEF EXECUTIVE OFFICER REPORT	There was no CEO report.	
COMMITTEE ITEMS		
Chief Financial Officer's Report <ul style="list-style-type: none"> • Monthly Investment Transactions Report Marie Montgomery	Ms. Montgomery referred to the report on investment transactions included in the meeting materials for Committee member review. <i>(A copy of the report can be obtained by contacting Board Services).</i> As of September 30, 2017, L.A. Care's total investment market value was \$2.3 billion. <ul style="list-style-type: none"> • \$2.2 billion managed by Paydel & Rygel • \$65 million in Local Agency Investment Fund • \$71 million in Los Angeles County Pooled Investment Fund 	
Quarterly Investment Report Marie Montgomery	Ms. Montgomery gave an overview of the quarterly investment report. <i>(A copy of the report can be obtained by contacting Board Services).</i> <u>Motion FIN 100.1217</u> To accept the Quarterly Investment Report for the quarter ending September 30, 2017, as submitted.	Approved unanimously by roll call. 5 AYES The Committee approved including motion FIN 100 on the Consent Agenda for the December 7, 2017, Board of Governors meeting.
Revised Accounts and Financial Services Policies Marie Montgomery AFS 002 (Capital Assets)	Ms. Montgomery summarized revisions to the Capital Assets policy. The majority of the proposed changes are clarifications to the policies: <ul style="list-style-type: none"> • Increase capitalization threshold amount from \$5,000 to \$10,000 • Costs associated with the development stage for intangible assets, including internally developed software, are eligible for capitalization • Cloud-based application implementation with embedded license will be treated as software 	

APPROVED

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<ul style="list-style-type: none"> Included additional language regarding safeguarding assets for disposal <i>(Member Rembis left the meeting.)</i> <p><u>Motion FIN 101.1217</u> To approve Accounting & Financial Services Policies AFS-002 (Capital Assets), as attached, and to authorize staff to make non-significant changes.</p>	<p>Approved unanimously by roll call. 4 AYES (Gamble, McCarthy, Perez and Uyeda)</p>
<p>AFS 004 (Non-Travel) and AFS 027 (Travel and Other Expenses)</p>	<p>The quarterly reports required under these policies are regularly provided to the Finance & Budget Committee. The proposed changes are clarifications to the policies: <i>(Member Rembis rejoined the meeting by telephone.)</i></p> <p>AFS-004 Non-Travel and Other Related Expenses Policy changes:</p> <ul style="list-style-type: none"> Further defines approvals for internal catered events. <p>AFS-027 Travel and Other Expense Policy changes:</p> <ul style="list-style-type: none"> Include guidance for local or same-day travel Include guidelines for international travel, which seldom occurs. L.A. Care employees, Consumer Advisory Committee members, and Board members accepting payment from a third party for travel expenses should consult with the Legal department and obtain approval prior to travelling. <p><i>(Member Uyeda left the meeting.)</i></p> <p><u>Motion FIN 102.1217</u> To approve Accounting & Financial Services Policies AFS-004 (Non-Travel and Other Expenses) and AFS-027 (Travel and Other Expenses), as attached, and to authorize staff to make non-significant changes.</p>	<p>Approved unanimously by roll call. 4 AYES (Gamble, McCarthy, Perez and Rembis)</p>
<p>AFS 007 (Procurement Approval Process)</p>	<p>L.A. Care’s membership and business volume has increased significantly in recent years, and has directly impacted the operating budget and costs associated with providing services and programs to members. In support of L.A. Care’s commitment to accessible, high quality health care that is driven by continuous improvement and innovation, the updated policy aims to better align procurement with the organizational objectives, ensure fair and equitable procurement processes, improve clarity and accountability, mitigate risks in the selection of vendors and ensure efficient and effective use of L.A. Care resources.</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p><u>Summary of changes:</u></p> <ul style="list-style-type: none"> • Updated references to the most recent Non-Travel and Other Related Expense and Travel Expense policies. • Updated policy definitions for clarity purposes because of new procurement software and contract templates. • Updated procedures for vendor screening. <p><i>(Member Uyeda rejoined the meeting.)</i></p> <ul style="list-style-type: none"> • Updated conditions of when a contract is required and reviewed by Procurement and Legal Services which include increasing the dollar threshold from \$10,000 to \$50,000 for better effectiveness of resources and efficiency. • Updated contracting process procedures on justifying and developing options for an expedited contracting process when there is a legitimate, critical business need. • Updated clarity on areas of responsibilities for vendor management. • Updated requirement to monitor and report sole source activity and non-compliance with policy. <p><u>Motion FIN 103.1217</u> Approve the revisions of Procurement Policy (AFS-007) and authorize L.A. Care staff to make non-material edits, as submitted.</p>	<p>Approved unanimously by roll call. 5 AYES (Gamble, McCarthy, Perez, Rembis and Uyeda)</p> <p>The Committee approved including motion FIN 101, 102 and 103 on the Consent Agenda for the December 7, 2017, Board of Governors meeting.</p>
<p>ADJOURN TO CLOSED SESSION</p>	<p>Augustavia J. Haydel, Esq., <i>General Counsel</i>, announced the items that the Committee will discuss in closed session. There was no public comment on the Closed Session items, and the meeting adjourned to closed session at 1:25 pm.</p> <p><i>The agenda item below was not discussed.</i></p> <p>CONTRACT RATES Pursuant to Welfare and Institutions Code Section 14087.38(m)</p> <ul style="list-style-type: none"> • Plan Partner Rates • Provider Rates • DHCS Rates <p><i>The agenda item below was not discussed.</i></p> <p>REPORT INVOLVING TRADE SECRET Pursuant to Welfare and Institutions Code Section 14087.38(n)</p>	

AGENDA ITEM/PRESENTER	MOTIONS / MAJOR DISCUSSIONS	ACTION TAKEN
	<p>Discussion Concerning New Product Lines, Technology <i>Estimated date of public disclosure: October 2019</i></p> <p>CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Section 54956.8 of the Ralph M. Brown Act Property: 3200 East Imperial Highway, Lynwood, CA. 90262 Agency Negotiator: John Baackes, CEO Negotiating Parties: Kamran Setareh, 3200 Imperial Highway Corporation, 272 S. Lasky Dr. #201, Beverly Hills, CA. 90212 Under Negotiation: Price and Terms of Payment</p>	
RECONVENE IN OPEN SESSION	The meeting reconvened in open session at 1:30 pm. No reportable actions were taken during the closed session.	
ADJOURNMENT	The meeting was adjourned at 1:30 pm.	

Respectfully submitted by:
Malou Balones, *Committee Liaison, Board Services*
Linda Merkens, *Manager, Board Services*

APPROVED BY:



Michael Rembis, *Chair*

Date Signed 11-20-17

APPROVED