

October 23, 2008 Board Of Directors Meeting Minutes

Date	October 23, 2008
Time	Dinner & Meeting 6:30pm
Location	Central Office Conference Center, Coolidge
Board Members Present	Cynthia Benson, Paul Licano, Beverly Riley, H.R. Paddock, Lucas Sheehan, Brian Burns, Caryl Chase, Linda Good
Seated Board Members Absent	Rebecca Rios, Dr. K
Staff Present	Melanie O'Neil, Claudine Sabel, Tina Moore, Rhonda Clemans, Erin Flores

#	Agenda Item	Discussion	Motion
	Training	Impasse Resolution & Shared Decision Making	N/A
		Meeting called to order by Cynthia Benson at 6:42 pm.	
1.	Acceptance of Agenda	n/a	Motion to accept Agenda without Executive Session. Paul/Beverly – Motion carried.
2.	Approval of September 25, 2008 Meeting Minutes	n/a	Motion to approve September 25, 2008 meeting minutes. H.R./Beverly– Motion carried.
3.	Discussion Items	<p>a. Board Stock Portfolio Update – Tim Carpenter & Kevin Sweeney, Smith Barney</p> <p>We are going to discuss the history being made. We are in unprecedented times. Period will be interesting and filled with challenges. At this time everyone needs a higher level of comprehension. This is a period of time for asking questions. Past and present will be discussed on the account. While we are advising the account and economics, this financial crisis is very unique. People are focused on the economic status, but we have always had a balanced account in our common stock and equity. This Board made a prudent decision to have a managed account. Smith Barney has government accounts that have had no faults. The reality is securities are in default and will not be retrievable. We recommend to the Board a managed future account because of negative correlation asset. Bonds don't track with stock. We have to blend the account so it has a negative bend to have a hedge. We've had two quarters of negative GDP. Rise was expected to be sooner but may not be until the first quarter of next year. We are hesitant to say 6% will hold up while flirting with 7%. We will have to tough it out through this period. Where we thought we were in modest recession, it will be longer and deeper. Some of the work we do is focus on four parameters for the turn on the economy.</p> <p>Banks will need to borrow short and loan long. Smith Barney is forecasting ability of 9 months. We have to get through October because we expect things to turn around. It will feel like we are in a recession. One's assets will not recoup until the market hits high. In spite of our best efforts we are rebalancing 401K and bond values. Bonds are up because there is so much fear. As price goes down yields go up. We need yield to curve steep. No asset class is doing well. Money market on CDs is decent but there is no return. You've got to subtract inflation and taxes then you can look at real return. You've got to be in a broad base of asset classes. You'll need fixed income to contain some of the risk.</p> <p>While advising it is prudent to develop a guideline when managing ones money and visit them on an annual basis. March 7, 2008 we made a modification to the portfolio. While we are portfolio managers, we use outside money managers for agencies like PGCCS. Studies show it is best if we focus on one and not the other. When account was taken over by Tim and Kevin approximately seven years ago, we were looking at straight equity money manager. We are closer to the end now. Cash equivalence has never had to go under \$1 per share. This portfolio's fixed income security is directly from the government. Equity (common stocks) indexed mutual fund that trades like a stock. Add it to your toolbox because it is becoming popular to give equity exposure. Negatively correlated asset class will shore up over a long period of time. There is a silver lining in the portfolio. Managed futures could be speculative. The term hedge should not be related to hedge funds. Prohibited asset was added. Agencies are taking good and bad mortgages, packaging them together to go buy insurance to ensure against default then the rating agency sees high</p>	N/A

October 23, 2008 Board Of Directors Meeting Minutes

	<p>rate of default. Then they started looking for reserves and insurance companies did not have the reserve. This became a major crisis. We would like to say we are clairvoyant but we are not. Allocation guidelines are four basic classes: equity, fixed income, managed futures, cash (money markets). Minimum allowable is 40% and maximum is 80%. Fixed low 20% to high 60%. Managed low 0% to high 30%. Cash low 0% to high 20%.</p> <p>Performance results: 42% portfolio, orange is fixed at 30%. This is government only bond. Grey alternatives investments for managed futures. Is more conservative than expected. YTD is bottom-line at 35%. Captured 30% to 40% on the downside. Discipline would not be prudent to give higher exposure. Bond maturity and credit rating has maturities for 10 years. Portfolio manages bond maturity.</p> <p>Kevin reviewed the documents handed out. Equity will not be in technologies. Money market sticks to large companies. Look at the value based tilt. Dividends will help the portfolio.</p> <p>Recommendations: If allocations are not balanced, would be to reduce to 10%. Reposition it to stock and bond money manager. S&P shows what different groups are doing. All asset groups are under pressure. Non-profit is in the driver seat.</p> <p>Melanie explained the money Kevin and Tim are talking about is coming from the community transportation grant which is a fee for service. Transportation was operated out of Board funds. January 2006 John the auditor recommended agency stay at half a million. Four months ago we met half a million, but then crashed. Board money was being spent on three salaries. No longer paying for that. We cannot draw down Head Start money to give them to manage.</p>	
	<p>b. Maricopa Head Start Facility Update – Reviewed Handout in packet. Mel will ask for a twenty year lease. Must have a 5 year lease with feds.</p>	<p>N/A</p>
	<p>c. Strategic Plan Activity – Challenged all staff to have mission statement memorized by mid-service. EFC participated in activity. Sites to participate in Values Activity to be facilitated by EFC members. Mission to be added to letterhead, business cards, etc.</p>	<p>N/A</p>
<p>4.</p>	<p>Decision Items</p>	
	<p>Seat Board Members – Lucas Sheehan; Linda Goode, attorney for Santa Cruz School District; Brian Burns of Policy Council. Board can be no less than 13 and no more than 15.</p>	<p>Motion to approve Election of Board Officers. Motion to approve the election of Lucas to 3 year Board seat (1 year PC). H.R./Caryl – Motion carried. Motion to approve the election of Linda onto Board. Paul/H.R. – Motion carried. Seated Brian PC one year seat.</p>
	<p>b. Personnel Report – Tina reviewed the report.</p>	<p>Motion to accept Personnel Report. H.R./Beverly – Motion carried.</p>
	<p>c. Financials – Rhonda reviewed the reports. Programs that are overspent are due to Pre-Service training, computer protection supplies, child insurance and t-shirt orders for the year.</p> <ul style="list-style-type: none"> •1 Head Start Early Head Start •2 DES – EIP •3 Child Care Centers •4 Gila Early Ed Partnership •5 Board: H.R. believes Smith Barney is doing as best as they can. Changes they are recommended are safe. •6 Stock Activity •7 CLIP Program <p>401K hardships defined by government – employees can produce documents showing their contribution to pull out. It is not the agencies contribution. Agency is providing a lot of supportive information to staff.</p>	<p>Motion to accept Financials. Beverly/Caryl – Motion carried.</p>

October 23, 2008 Board Of Directors Meeting Minutes

		d. Ratify Funding Application for Dual Language Institute – One time money is available at a one amount for a particular training for particular staff. Board will ratify decision of executive committee to send staff to institute. \$2,500 will not cover all cost training will incur, but we will cover the remaining amount.	Motion to Ratify funding application for dual language institute. Lucas/H.R. – Motion carried.
5.	Agenda Item	Monitoring Items	Motion to accept the monitoring items as is and move to item number six. Brian/Paul. Motion carried.
		a. Board Bylaws	
		b. September Child Care Center Report	
		c. September Child Injury Report	
		d. September Average Daily Attendance	
		e. Teacher CDA & Degree Status Report	
		f. September HS/EHS Meal Report	
		g. September PC Meeting Minutes	
		h. PC September Personnel Approvals	
6.	Adjournment	The next Board of Director meeting will be on Tuesday, November 18, 2008 at 6:30pm at the Florence Holiday Inn, Conference Center.	Motion to adjourn meeting was called at 8:26p.m. H.R./Caryl – Motion Carried

Secretary Signature _____

_____/_____/_____
Date