

BOARD OF DIRECTORS' MEETING MINUTES

February 4, 2009

Members Present

Allen Haile
Virginia Franco
Sanford Livingston, Jr.
Neal Frankle
Sue Horowitz
Erin Farrell
Clarence Casey
Kristine Engels

Members Absent

Eunice Azzani
Tracy Rice
Susan Chang
Bishop Henry Williamson
Brenda Andrews-King
Marta Julio

Staff Present

Awi Ramli
Susana Kaufmann

The meeting was called to order at 6:01pm.

The minutes of the previous meeting were unanimously approved on a motion by Erin Farrell, seconded by Virginia Franco.

Sue Horowitz moved that Clarence Casey, Kristine Engels and Susan Chang, CEO's of 3 of the affiliates of the Life Steps Foundation group be accepted as members of the board of directors as provided for in the Affiliate Agreement. The motion was seconded by Erin Farrell and unanimously approved.

Virginia Franco moved that the restated bylaws for Life Steps Foundation be approved. The bylaws were restated to reflect the inclusion of affiliates in the structure of the organization. Clarence Casey seconded the motion, which was unanimously approved.

Fundraising Committee by Erin Farrell – Report on status of “Day of the Doodle” activities. The doodles are being posted on-line with bios and will be offered on eBay shortly to gauge interest. The landing page on the Life Steps web site is almost complete, the link will be sent to the board members. The committee is now ready to move to the next phase and solicit more celebrity doodles. Clarence Casey commented that he would be interested in having the affiliate he heads, LSF Aging and Health Management Services, participate by providing and selling their doodles.

Ad-Hoc Investment Committee report by Neal Frankle –The market continues to be very challenging, but investments with Edelman Financial Services are doing relatively well compared to others. The economy is continuing to weaken and no one can predict when the market will improve. At this time no changes in strategy are recommended, the investment should be kept for five years as was initially decided by the board.

Financial Report given by Awi Ramli – For the second consecutive quarter program surplus for the period ending December 31, 2008 has exceeded projections by 37%. Actual revenues exceeded projections by \$50,000 while operating expenses were lower

by \$38,000. However a downturn during the next two quarters is expected because of news that DDS will reduce billable rates for infant and adults programs by 3% effective March 2009. These programs account for about 67% of Life Steps' total revenue and the cuts may represent a reduction of about \$20,000 per month. The affiliates' budgets are being revised and this process should be completed by the end of February. At that time we should have a more accurate financial projection.

Balance sheet and cash flow information: Life Steps current ratio is 3.6 to 1. We are now borrowing from our Wells Fargo line of credit as much as possible and paying most of it back within 30 days. The \$1.1 million line of credit comes up for renewal in July 2009 and we need to show frequent activity so the bank will not attempt to reduce it. Life Steps current reserve is about \$2.4 million. \$650,000 is invested in CD's, \$1,580,000 in money market funds and \$200,000 is invested by the Ad Hoc Investment Committee of the Board of Directors.

Executive report given by Virginia Franco – Virginia gave a brief overview of the difficulties with the state budget. Life Steps Foundation will be able to cover costs at least until April, but word is that the Regional Centers will not be able to continue beyond March. At this time the organization is funding the Linkages and Pasos de Vida programs. Reductions in Medi-Cal payments to ADHC's are on hold because of legal action. For the first time since 1992 a "Code Blue" plan designed to drastically trim expenses was put in effect in the organization and it is proving to be effective. Virginia ceded the floor to Clarence Casey who informed the board that Circle of Friends, together with the City of Inglewood, secured a \$153,000 M.T.A. grant for a pilot program to provide door-to-door transportation services for seniors and the disabled in the community. The M.O.U. was signed on February 2nd and the program should be up and running by the end of the month. Clarence also announced that he will be traveling to Washington DC this month with the California Healthcare Reform Committee to meet with government officials and lobby for health care reform together with delegations from eight other states.

Virginia asked the board members if they would agree to have the next meeting by teleconference as a cost saving measure. All the board members present agreed.

Susana announced that the next board meeting is scheduled for Wednesday, May 6, 2009.

There being no further business, the meeting was adjourned at 6:50pm on a motion by Erin Farrell, seconded by Sue Horowitz.