

**Finance Committee Conference Call Meeting
Tuesday, April 22, 2014
8:00 a.m.**

MINUTES

MEMBERS PRESENT: Melanie Cornell, Taylor Pancake, Joseph Sarnovsky, Chuck Todd, and Mark Wylie

MEMBERS ABSENT: William Merck

STAFF PRESENT: Pam Nabors, Kevin Neal, Leo Alvarez, Sherry Voss and Kaz Kasal

WELCOME & CHAIR'S REMARKS

Call To Order

Mr. Wylie called the meeting to order at 8:05 am and welcomed those in attendance.

Roll Call/Establishment of Quorum

Ms. Kasal commenced with roll call and reported that there was a quorum present.

Public Comment

None offered.

APPROVAL OF MINUTES FROM PREVIOUS MEETING (2/3/14)

Dr. Sarnovsky made a motion to approve the minutes from the 2/3/14 Joint Meeting of the Audit and Finance Committees. Mr. Pancake seconded, motion passed.

INFORMATION/DISCUSSION ITEMS:

1. **Budget to Actual 3rd Quarter**

Mr. Alvarez referred to the "CareerSource Central Florida Budget vs. Actual Report – as of March 2014" and pointed out the \$750,000 de-obligation of youth funds. Mr. Alvarez provided the following background to this de-obligation: under the direction of the newly formed Youth Committee, CareerSource Central Florida procured contracts for year round youth program with five different youth providers, obligating \$5.3M in youth funds. After an RFQ process, Henkels & McCoy was awarded the first contract in June/July 2013 timeframe and then with a second RFQ process another four youth providers were awarded contracts in September/October timeframe. Due to initial program start-ups, funds have not been expended quickly during the first few months. WIA funds have a 2-year life, and the 2012 funds are set to expire on 6/30/14. Simply pushing the money out would be inappropriate expenditure - it would be more prudent to de-obligate the funds back to the state now. This does not affect funds in 13-14 and new program year – youth services will continue and expand. If we find in June that there are more than expected expenditures, we are allowed to request the funds back from the state, so this is not a closed door entirely. Mr. Todd commended staff that this is a good management decision – sending funds back to the state so that they can be re-distributed to another region in need is the right thing to do. Ms. Cornell and Mr. Wylie concurred.

Mr. Alvarez reviewed the budget lines with the following highlights: Salary/Benefits – 8% short – continue to look for ability to cut costs and have efficiencies. Training Assistance – 54.3% / ITA's 61.3%, with target/mandate of 50% we are above this, which is good. Admin costs: cap is 10% - currently at 7.3%; however, as expenditures come in, admin costs will decrease. Dr. Sarnovsky asked how admin costs compare to facility costs. Mr. Alvarez replied that rental costs are based on FTE's and percent - the administration office houses both admin and program staff, so rent is allocated proportionately to admin and program funds. The other offices service customers, so 100% is allocated to program funds.

2. Preliminary 14-15- Budget

Mr. Alvarez referred to the document entitled: "CareerSource Central Florida Preliminary FY 2014/2015 – Source of Funds with PY Comparisons" – and reviewed numbers of carry forward funds from prior year and preliminary 14-15 numbers. WIA, WP and WT consist of 90% of total funds, most of which is WIA. The remaining funds consist of special grants and other awards. There is a general reduction in funds in 14-15; however because the carry-in dollars, we will have a larger sized budget next program year: \$42.5M in PY 14-15 vs.\$34.6M in PY 13-14 – the carry-in dollars are mostly allocated to training (ITAs and work experience). Ms. Nabors added that there is a bill in legislature in TANF program to restore \$5M to employment program, which could bring additional to WT program.

3. Budget Workshop with Finance and Program Committees

Mr. Alvarez reviewed the below budget timeline. He indicated that the Program Committee met yesterday and agreed that 5/27/14 would work for them to have the Finance/Program Committee Budget Workshop. Ms. Nabors added that this workshop will provide an opportunity for the Finance and Program Committees to have an in-depth discussion inside the program budget lines and discuss program priorities. Also, final allocations will be received from the state in mid-May, so the committees will have this information at the 5/27/14 workshop. The Finance Committee discussed and concurred that 5/27/14 would work for them as well. Mr. Alvarez stated he will have Ms. Kasal send out a calendar invite to Finance and Program Committees for 5/27/14, 2:00pm to 4:00pm. The Executive Committee will also be invited.

Budget Timeline:

- Date TBD (May 2014): Finance/Program Committee Budget Workshop to establish budget priorities
- 6/3/14: Finance Committee meeting to finalize budget
- 6/6/14: Draft budget to Board and Consortium for review
- 6/20/14: Budget presented to Board and Consortium for approval

4. Issue of RFQ's for Banking Services and Retirement Program

Mr. Alvarez stated that the next round of RFQs staff would like to issue out would be for banking services and retirement services. CNL Bank has provided banking services to CareerSource Central Florida for over 10 years. With regard to retirement services, UBS is the current broker and One America is the vendor. Ms. Nabors added that there is opportunity to attain savings and value-added services in both areas, so it makes sense to move forward with the RFQ's. With regard to the banking services, Dr. Sarnovsky suggested that CareerSource Central Florida may get a better response to the RFQ if there is assurance of a 3 to 5 year contract and renewal options vs. year to year renewal. Mr. Wylie recommended responders should provide the types of additional insurance offered beyond \$250,000. It is important to be insured for balances above \$250,000.

ACTION ITEMS:

1. Approve Renewal of Employee Benefit Plans

Mr. Alvarez stated that Willis of Florida, the new broker for staff health and welfare benefit plans, has been working with management to develop a strategy for the current and upcoming benefit plan years. Mr. Alvarez provided the following summary with regard to the annual renewal: Changing to fixed fee structure vs. commissions will result in savings; plan year effective date will be moved to 7/1/14, with current plan extending to 6/30/14; educational meetings will be provided to employees in May 2014 and open enrollment will begin in May & June 2014; additional plan options will be offered to employee (two medical plans and an “opt-out” option); based on current info, there will only be a 5 to 7% increase vs. 22% increase. Mr. Wylie asked about health savings account. Ms. Nabors replied that due to short time happening with the changeover, this will require further time to create and educate staff – so will probably offer this the following year.

Mr. Wylie made a motion to forward to board for their review and approval the FY 2014-15 annual staff benefit renewal. Mr. Todd seconded, motion passed.

2. Facilities Update: Approval to Re-negotiate Leases

Mr. Alvarez provided a review of the four locations with leases set to expire within this year or next year. He reviewed the square footage, rate per square foot, annual cost and other pertinent information to consider per each location (South Orange, West Orange, Osceola and Administration offices).

After review and discussion, the committee concurred that staff should do further analysis/research with regard to the South Orange Office.

Mr. Todd made a motion to forward to board for their review and approval to have staff re-negotiate leases for the West Orange and Osceola offices and to research alternative locations for Administration office. Mr. Wylie seconded, motion passed.

3. Revisions to Procurement Approval Threshold

Mr. Alvarez summarized that in an effort to safeguard against past practices identified in 2011, the Board placed additional controls which required the Executive Committee and Board to approve purchases of \$50,000 to \$99,999 (which are classified as “small purchases”). This was in addition to the approval threshold of \$100,000 (classified as “large purchases”). Based on the projected \$42M 2014-2014 fiscal year budget, along with a clean procurement history over the past two years of A-133 audits and DEO monitoring, staff are recommending raising the approval threshold for the Executive Committee to \$100,000. Mr. Wylie asked about how many purchases fall between \$50,000 and \$99,000? Mr. Alvarez replied about a dozen per year. Ms. Nabors added that “small purchases” still have to go through the same due diligence of bid process and price comparison, it

would just eliminate the additional step of waiting for approval of Executive Committee which does not meet monthly. Mr. Pancake asked if the delay was detrimental to the organization? Mr. Alvarez replied that it does slow the process down – for instance IT needed to purchase T1 lines and the delay for Executive Committee and Board approval delayed getting the contract completed, thus delaying T1 lines being installed for a couple of months.

Mr. Wylie made a motion to forward to board for their review and approval the recommendation to raise approval threshold for the Executive Committee to \$100,000; however a “small purchases” report is to be brought to the Executive Committee for their review on a quarterly basis. Mr. Todd seconded, motion passed.

CHAIR’S CLOSING REMARKS

Ms. Cornell thanked the committee for attending today’s meeting.

There being no other business, the meeting was adjourned at 9:40 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant