



**What:** Finance Committee Meeting  
**When:** Thursday, October 25, 2018  
 2:30 p.m. – 4:00 p.m.  
**Where:** CareerSource Central Florida 390 N. Orange Ave., Suite 700, Orlando, FL  
**Virtual:** GoToMeeting (remote attendees):  
 ➤ <https://global.gotomeeting.com/join/141043261>  
 ➤ **Dial In: 1 877 309 2073 / Access Code: 141-043-261**  
**Board Priorities:** Analyze the Business | Engage the Talent

Item	Topic	Presenter	Action Item
1.	Welcome	Eric Ushkowitz	
2.	Roll Call / Establishment of Quorum	Kaz Kasal	
3.	Public Comment		
4.	Action Items		
	A. 6/6/18 Finance Committee Meeting Draft Minutes	Eric Ushkowitz	X
	B. Facilities Update	Leo Alvarez	X
5.	Information		
	A. Retirement Plan Update	Jason Chepenik	
	B. Charter	Eric Ushkowitz	
	C. Budget vs. Actual	Leo Alvarez	
	1) FY 2017-2018		
	2) As of 9/30/18		
	D. Two Year Comparison and Fiscal Year Projections	Leo Alvarez	
	E. Analysis / Discussion Reserve Funds	Leo Alvarez	
6.	Other Business		
7.	Adjournment		

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Next Meeting:  
 ➤ Consortium / Board Joint Meeting: 12/13/18, 9:00 am – 11:00 am  
 Location: Seminole State College – Heathrow Campus, 1055 AAA Drive, Heathrow, FL

**DRAFT**  
**Finance Committee Meeting**

**CareerSource Central Florida Office**  
**390 N Orange Ave., Suite 700**  
**Orlando, FL 32801**

**Thursday, June 6, 2018**  
**10:30 a.m.**

**MINUTES**

**MEMBERS PRESENT:** Eric Ushkowitz, John Pittman and Mark Wylie

**MEMBERS ABSENT:** Glen Casel, Nicole Guillet and Chuck Todd

**STAFF PRESENT:** Pam Nabors, Mimi Coenen, Leo Alvarez, Ann Beecham, Lisa Burby and Kaz Kasal

Agenda Item	Topic	Action Item / Follow Up Item
1	<b>Welcome</b> Mr. Ushkowitz, Finance Committee Chair, called meeting to order at 10:40 am.	
2	<b>Roll Call / Establishment of Quorum</b> Ms. Kasal, CSCF Executive Coordinator, reported a quorum present.	
3	<b>Public Comment</b> None Offered.	
4	<b>Approval of Minutes</b> Reviewed draft minutes from 4/5/18 Finance Committee Meeting.	<b>Mr. Wylie made a motion to approve the minutes from the 4/5/18 Finance Committee Meeting. Mr. Pittman seconded; motion passed unanimously.</b>
5	<b>Information/Discussion/Action Items</b>	
	<u>Budget vs. Actual Results as of 4/30/18</u> <ul style="list-style-type: none"> <li>• Reviewed financial and operations reports (attachments) through 4/30/18.</li> <li>○ Committee discussed establishing a procedure when additional funds are received during a fiscal year.</li> </ul>	<b>Mr. Pittman made motion for staff to set a procedure in place whereby if additional funds of \$500,000 or more are received (including carryover adjustments) during the fiscal year, then the budget should be formally amended to include those additional funds and brought forth to the Board for review and approval. Mr. Wylie seconded; motion passed unanimously.</b>

	<p><u>Two Year Comparison and Fiscal Year Projections</u></p> <ul style="list-style-type: none"> <li>Reviewed two year comparison budget/expenditures - current vs. previous year as of 4/30/18 (attachment).</li> </ul> <p><u>Approval of Fiscal Year 18-19 Draft Budget</u></p> <ul style="list-style-type: none"> <li>Reviewed "Draft Annual Budget – FY 2018-2019" (attachment).</li> </ul> <p><u>Results of Fiscal Year 16-17 403(b) Audit</u></p> <ul style="list-style-type: none"> <li>Reviewed audit results of 403(b) plan results for period 7/1/16 thru 6/30/17 (attachment).</li> </ul> <p><u>Facilities Update</u></p> <ul style="list-style-type: none"> <li>Reviewed memo (attachment) on staff's recommendation to relocate its facilities in Lake and Osceola counties. Reviewed lease terms and cost breakdowns on following the spaces:             <ul style="list-style-type: none"> <li>Lake County - Foundation Building at Lake Sumter State College in Leesburg.</li> <li>Osceola County - space currently under construction at Valencia College's Osceola campus                     <ul style="list-style-type: none"> <li>Both spaces include significant cost savings and the opportunity to expand CSCF services.</li> </ul> </li> </ul> </li> </ul> <p><u>Finance Committee Meetings: Proposed Dates</u></p> <ul style="list-style-type: none"> <li>Reviewed and concurred with proposed dates for FY 2018-2019 (attachment).</li> </ul>	<p><i>Staff to provide a breakdown by category for "Youth Earned Credentials"</i></p> <p><b>Mr. Pittman made a motion to move for Board approval the recommendation to approve 18-19 draft budget. Mr. Wylie seconded; motion passed unanimously.</b></p> <p><b>Mr. Wylie made a motion to move forward to Executive Committee staff's recommendation to enter into final negotiations, within parameters as presented, with Lake Sumter State College. Mr. Pittman seconded; motion passed unanimously.</b></p> <p><b>Mr. Ushkowitz made a motion to move forward to Executive Committee staff's recommendation to accept plan with Valencia College, within parameters as presented. Mr. Wylie seconded; motion passed unanimously.</b></p>
6	<p><b>Other Business</b>                  None offered.</p>	
7	<p><b>Adjournment</b>                  There being no other business, the meeting was adjourned at 11:51 a.m.</p>	

Respectfully submitted,

Kaz Kasal  
 Executive Coordinator



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**To: Finance Committee**  
**From: Leo Alvarez**  
**Subject: CareerSource Central Florida - Facilities**  
**Date: October 25, 2018**

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**Purpose:**

To provide a recommendation to the Finance Committee of CareerSource Central Florida's intent to negotiate short term lease extensions for the West Colonial Office in Orange County and the Airport Blvd Office in Seminole County.

**Background:**

As CSCF continues to analyze its facilities need over the next five years, there are two lease contracts due to expire at the end of the current fiscal year. Below are the terms of the two leases set to expire and recommendations for each office.

**Seminole County Office:**

Lease Expiration Date: 04/30/19  
Lease Size: 10,031- SF  
Rate: \$17.57 per sq. /ft. (Triple Net Lease)  
Annual Rental Cost: \$176,225  
Term: Completed 60 Month Lease. Two renewal options for 5 years each available @3% escalation

**Recommendation:** Negotiate to extend the lease for 2 years until 04/30/2021

**Orange County Office (West Colonial):**

Lease Expiration Date: 05/31/19  
Lease Size: 13,054- SF  
Rate: \$14.47 per sq. /ft. (Triple Net Lease)  
Annual Rental Cost: \$188,891  
Term: Completed 2<sup>nd</sup> 60 Month Lease. One renewal option for 5 year available @3% escalation.

**Recommendation:** Negotiate to extend the lease for 1 year until 05/31/2020.

**Action Item:**

Staff is requesting the Finance Committee to make a recommendation to the Board of Directors to move forward and enter into negotiations for short-term lease extensions and described above.

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WE GO BEYOND FOR



# Administrative Update



# Administrative Update

Aspect of Plan Design	Plan Provisions
Plan Name	CareerSource Central Florida 403(b) Plan
Plan Provider and Contract Number	Principal Financial Group – 623601
Plan Year	July 1 – June 30
Eligibility	Employee Deferrals: None Employer Contributions: Age 21 Service: 6 Months of Service Exclude: Employees who normally work less than 20 hours per week; student employees
Entry Date	Monthly – coinciding with or next following satisfaction of eligibility requirements
Contribution Types	Elective deferrals (Pre-Tax & Roth), rollovers, employer matching contributions, employer non-elective profit sharing contributions
Automatic Contribution Election	4% - ACA
Automatic Escalation	1% up to 6% (Consider up to 8%)
Employee Elective Contributions	Up to maximum permitted - \$18,500
Catch-Up Contributions	Yes, participants age 50 or older may contribute an additional \$6,000
Change in Contribution Amount	Anytime
Change in Investment Options	Anytime
Match Contribution	100% on the first 6% of pay
Non-Elective	NA
Vesting	Employee elective contributions and rollovers are always 100% vested. Employer matching contributions and non-elective profit sharing contributions are according to vesting schedule cliff
Withdrawals	Participants may withdraw a portion or all of their account due to: retirement, disability, death, termination of employment. In-service distributions are permitted at age 59½.
Loans	Loans are permitted. Participants can have 1 loan outstanding at a time; minimum loan amount is \$1,000; interest repayments are based on Prime Rate +1%..
Retirement	Age 65 – No early retirement provided
Contact Information	Principal Financial Group 800-258-9041 <a href="http://www.principal.com">http://www.principal.com</a>

Data provided by Principal Financial and believed to be true and accurate



# Administrative Update

## Participant Details as of 09/30/2018

Total Deferring Participants	183
Total Eligible Participants	191
Eligible Employees Participating %	95.8%
Eligible Employees Not Participating %	4.2%
Account Values for Participants w/o Term Date	\$4,680,534
Number of Participants with an Account Value	187
Average Account Balance	\$25,030
Terminated Participant Account Value	\$600,778
Terminated Participant Counts	20
Highly Compensated Employee Account Value	\$290,176
Highly Compensated Employee Counts	3

9.30.18 Plan Assets:  
\$5,651,205

9.30.17 Plan Assets:  
\$4,811,021

YOY: 17.5% Growth

9.30.18 Deferral Rates:  
w/ Non Participants: 4.9%  
w/o Non Participants: 5.2%

9.30.17 Deferral Rates:  
w/ Non Participants: 4.7%  
w/o Non Participants: 5.0%

Loans:  
2% of Assets (\$132,071)

Data provided by Principal Financial and believed to be true and accurate





# Administrative Update

	Age 34 and Under	Age 35 - 54	Age 55 and Over
<b>Total Eligible Participants</b>	33	109	49
<b>Total Deferring Participants</b>	31	103	49
<b>Eligible Employees Participating %</b>	93.9%	94.5%	100.0%
<b>Average Deferral Rate (w/NP)</b>	4.3%	4.6%	6.2%
<b>Average Deferral Rate (w/o NP)</b>	4.5%	4.9%	6.2%
<b>Account Values for Participants w/o Term Date</b>	\$268,173	\$2,596,816	\$1,815,545
<b>Number of Participants with an Account Value</b>	30	109	48
<b>Average Account Balance</b>	\$8,939	\$23,824	\$37,824
<b>Terminated Participant Account Value</b>	\$25,453	\$350,012	\$225,312
<b>Terminated Participant Counts</b>	3	9	8
<b>Highly Compensated Employee Account Value</b>	\$0	\$100,953	\$189,223
<b>Highly Compensated Employee Counts</b>	0	1	2
<b>Non-Highly Compensated Employee Account Value</b>	\$268,173	\$2,495,863	\$1,626,322
<b>Non-Highly Compensated Employee Counts</b>	30	108	46
<b>Roth Contributor Account Value</b>	\$9,209	\$17,901	\$5,273
<b>Roth Contributor Counts</b>	3	14	1
<b>Outstanding Loan Account Value</b>	\$1,922	\$99,059	\$31,090
<b>Outstanding Loan Counts</b>	1	27	11
<b>Step Ahead Counts</b>	11	35	9
<b>Participants with Username/Password</b>	26	101	47
<b>Participants Logged In (YTD)</b>	30	75	41

Data provided by Principal Financial and believed to be true and accurate



# Fiduciary Investment Review



# Fiduciary Investment Monitoring Report (FiRM)

## 12 Point Scoring System

Criteria	Measurement
Style Consistency	$\leq 29$
5-Year Sharpe Ratio*	$>$ Category
R-Squared	$> 80\%$
1-Year Performance	$>$ Peer Group Median
3-Year Performance	$>$ Peer Group Median
5-Year Performance	$>$ Peer Group Median
5-Year Up/Down Capture	Up $>$ Down

Criteria	Measurement
Information Ratio 5-Years	$> 0$
Information Ratio 3-Years	$> 0$
Beta 5-Year	Between .75 – 1.15
Beta 3-Year	Between .75 – 1.15
Longest Tenured Manager	$\geq$ Peer Median Tenure
Net Expense Ratio	$\leq$ Peer Median

Scoring Threshold: 6

Investment Criteria Rating: 6

\* Sharpe Ratio used to score Target Date Funds where applicable



# Investment Lineup

## QDIA: Target Date Suite 84.4% Plan Assets

Asset Allocation/Target Date	
American Century One Choice 2020 (8.5%)	Target Date Series*
American Century One Choice 2025 (16.5%)	
American Century One Choice 2030 (12.7%)	
American Century One Choice 2035 (10.3%)	
American Century One Choice 2040 (8.9%)	
American Century One Choice 2045 (15.9%)	
American Century One Choice 2050 (5.4%)	
American Century One Choice 2055 (2.2%)	
American Century One Choice 2060 (0.3%)	
American Century One Choice In Ret (3.7%)	

\*denotes QDIA



# 403(b) Plan – 3<sup>rd</sup> Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	3Q18	2Q18	1Q18	4Q17
								of 12	of 12	of 12	of 12
<b>Target Date 2020</b>											
American Century One Choice 2020 A	\$478,368	8.46%	2.15 (33)	2.40 (16)	4.91 (39)	6.91 (70)	5.46 (61)	-	-	-	-
<b>Target Date 2025</b>											
American Century One Choice 2025 A	\$934,240	16.53%	2.22 (63)	2.42 (44)	5.30 (65)	7.49 (85)	5.93 (74)	-	-	-	-
<b>Target Date 2030</b>											
American Century One Choice 2030 A	\$719,188	12.73%	2.46 (81)	2.78 (50)	5.86 (77)	8.18 (88)	6.46 (74)	-	-	-	-
<b>Target Date 2035</b>											
American Century One Choice 2035 A	\$583,936	10.33%	2.70 (87)	3.27 (57)	6.69 (85)	8.88 (96)	7.03 (80)	-	-	-	-
<b>Target Date 2040</b>											
American Century One Choice 2040 A	\$505,315	8.94%	2.90 (86)	3.73 (48)	7.55 (76)	9.68 (90)	7.61 (72)	-	-	-	-
<b>Target Date 2045</b>											
American Century One Choice 2045 A	\$896,363	15.86%	3.12 (84)	4.02 (52)	8.25 (71)	10.50 (95)	8.16 (68)	-	-	-	-
<b>Target Date 2050</b>											
American Century One Choice 2050 A	\$304,889	5.40%	3.25 (79)	4.28 (37)	8.73 (60)	11.01 (87)	8.47 (58)	-	-	-	-
<b>Target Date 2055</b>											
American Century One Choice 2055 A	\$124,417	2.20%	3.23 (80)	4.26 (43)	8.79 (66)	11.27 (90)	8.68 (51)	-	-	-	-
<b>Target Date 2060+</b>											
American Century One Choice 2060 A	\$17,549	0.31%	3.33 (78)	4.38 (48)	9.08 (72)	11.47 (90)	n/a (na)	-	-	-	-
<b>Target Date Retirement</b>											
American Century One Choice In Ret A	\$207,606	3.67%	2.11 (8)	2.29 (4)	4.63 (5)	6.52 (12)	5.11 (11)	-	-	-	-

Asset values as of 9/30/2018. Performance and scoring data as of 9/30/2018. The information presented in this document has been taken from multiple databases and is believed to be as accurate as possible. Scoring System is based on an evaluation of 12 different factors. Each factor is assessed using a pass or fail system. There are four areas being tested: Investment style (2 points), Performance (4 points), Risk (4 points), qualitative factors (2 points). The total score is the sum of the individual scores with the best possible score being 12 points. Score 10 – 12 = Suitable, 7 – 9 = Acceptable, 5 or fewer = watch list. These scores can be used to help evaluate an investment but should not be the sole source of information used to select and monitor investment.

# Investment Lineup

## Core Menu: 15.6% Plan Assets

Domestic Equity (6.6% Plan Assets)			
Value	Blend	Growth	
Invesco Diversified Dividend (0.6%)	Principal Large Cap S&P 500 Index (0.9%)	Pioneer Fundamental Growth (1.1%)	Large
American Century Mid Cap Value (0.8%)	Principal Mid Cap S&P 400 Index (0.7%)	MassMutual Select Mid Cap Growth (0.7%)	Mid
Goldman Sachs Small Cap Value* (0.1%)	Principal Small Cap S&P 600 Index (0.7%)	Janus Triton (1.0%)	Small

\*Fund shows as Small Cap Blend



# 403(b) Plan – 3<sup>rd</sup> Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	3Q18	2Q18	1Q18	4Q17
								of 12	of 12	of 12	of 12
<b>Large Value</b>											
W Invesco Diversified Dividend A	\$32,420	0.57%	3.73 (89)	1.40 (90)	4.37 (98)	8.76 (97)	9.22 (74)	4	5	5	5
P American Funds Washington Mutual R4**		0.00%	5.74 (42)	6.96 (13)	13.86 (12)	16.03 (7)	12.13 (7)	11	12	12	12
<b>Large Blend</b>											
Principal Large Cap S&P 500 Index R5	\$52,191	0.92%	7.59 (30)	10.25 (28)	17.43 (29)	16.81 (25)	13.47 (21)	-	-	-	-
<b>Large Growth</b>											
W Pioneer Fundamental Growth A	\$59,734	1.06%	8.98 (16)	13.29 (71)	18.23 (79)	15.57 (80)	14.22 (54)	4	5	5	5
P T. Rowe Price Blue Chip Growth Advisor**		0.00%	6.36 (75)	18.68 (29)	26.91 (27)	21.36 (8)	17.26 (7)	9	11	11	11
<b>Mid-Cap Value</b>											
American Century Mid Cap Value A	\$47,563	0.84%	3.10 (51)	2.12 (67)	6.83 (67)	13.26 (34)	11.35 (11)	9	10	10	10
<b>Mid-Cap Blend</b>											
Principal MidCap S&P 400 Index R5	\$36,717	0.65%	3.76 (55)	7.10 (33)	13.70 (29)	15.13 (21)	11.39 (25)	-	-	-	-
<b>Mid-Cap Growth</b>											
MassMutual Select Mid Cap Growth R4**	\$37,190	0.66%	7.11 (53)	11.83 (70)	16.65 (78)	15.34 (55)	13.46 (22)	7	9	10	10
<b>Small Value</b>											
P Nuveen Small Cap Value A		0.00%	-0.97 (95)	-0.31 (95)	4.13 (94)	12.83 (64)	10.50 (16)	7	9	10	10
P Wells Fargo Special Small Cap Value Adm		0.00%	2.47 (14)	6.00 (26)	11.56 (16)	16.13 (14)	11.81 (5)	9	11	11	11
<b>Small Blend</b>											
Principal SmallCap S&P 600 Index R5	\$40,119	0.71%	4.61 (18)	14.12 (8)	18.52 (8)	18.85 (6)	12.81 (4)	-	-	-	-
W Goldman Sachs Small Cap Value Svc	\$7,323	0.13%	3.13 (53)	4.56 (79)	8.64 (78)	14.21 (61)	9.85 (54)	4	5	8	8
<b>Small Growth</b>											
Janus Henderson Triton S**	\$56,119	0.99%	7.32 (45)	17.75 (56)	24.20 (51)	20.31 (22)	14.54 (11)	8	10	10	10

Asset values as of 9/30/2018. Performance and scoring data as of 9/30/2018. The information presented in this document has been taken from multiple databases and is believed to be as accurate as possible. Scoring System is based on an evaluation of 12 different factors. Each factor is assessed using a pass or fail system. There are four areas being tested: Investment style (2 points), Performance (4 points), Risk (4 points), qualitative factors (2 points). The total score is the sum of the individual scores with the best possible score being 12 points. Score 10 – 12 = Suitable, 7 – 9 = Acceptable, 5 or fewer = watch list. These scores can be used to help evaluate an investment but should not be the sole source of information used to select and monitor investment.

# Investment Lineup

## Core Menu: 15.6% Plan Assets

International Equity & Specialty (1.8% Plan Assets)			
Value	Blend	Growth	
		Oppenheimer International Growth (1.6%)	Large
Principal Real Estate Securities (0.2%)			Specialty





# 403(b) Plan – 3<sup>rd</sup> Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	3Q18	2Q18	1Q18	4Q17
								of 12	of 12	of 12	of 12
<b>Foreign Large Blend</b>											
P MFS <sup>®</sup> Intl Diversification R2		0.00%	1.20 (29)	0.46 (6)	6.16 (5)	11.23 (5)	5.57 (9)	10	11	11	11
<b>Foreign Large Growth</b>											
W Oppenheimer International Growth A	\$89,067	1.58%	-2.70 (89)	-5.67 (93)	-2.26 (95)	7.11 (90)	3.44 (89)	4	5	7	8
P Oppenheimer International Diversified A		0.00%	-0.83 (69)	-1.64 (59)	2.97 (53)	11.05 (32)	5.71 (45)	9	11	11	11
<b>Specialty - Real Estate</b>											
Principal Real Estate Securities R5	\$13,709	0.24%	1.23 (15)	2.29 (15)	5.92 (6)	7.97 (15)	10.07 (5)	10	11	12	12

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# Investment Lineup

## Core Menu: 15.6% Plan Assets

### Cash Equivalents/Stable Value (7.2% Plan Assets)

Principal Fixed Income Guaranteed Fund (7.2%)

Stable Value

### Fixed Income

Short-Term

Intermediate-Term

Long-Term

Western Asset Core Plus  
Bond R (0.0%)

Bonds



# 403(b) Plan – 3<sup>rd</sup> Quarter Analysis

INVESTMENT	ASSETS	% ASSETS	LAST QTR	YTD	1 YR	3 YR	5 YR	3Q18	2Q18	1Q18	4Q17
								of 12	of 12	of 12	of 12
<b>Money Market/Stable Value</b>											
Principal Fixed Income Guaranteed Option	\$407,173	7.21%	n/a (na)	n/a (na)	n/a (na)	n/a (na)	n/a (na)	-	-	-	-
	1.1% Yield										
<b>Intermediate-Term Bond</b>											
Western Asset Core Plus Bond R**	\$0	0.00%	0.12 (47)	-2.82 (98)	-2.55 (96)	2.45 (14)	3.01 (12)	8	10	11	11

Asset values as of 9/30/2018. Performance and scoring data as of 9/30/2018. The information presented in this document has been taken from multiple databases and is believed to be as accurate as possible. Scoring System is based on an evaluation of 12 different factors. Each factor is assessed using a pass or fail system. There are four areas being tested: Investment style (2 points), Performance (4 points), Risk (4 points), qualitative factors (2 points). The total score is the sum of the individual scores with the best possible score being 12 points. Score 10 - 12 = Suitable, 7 - 9 = Acceptable, 5 or fewer = watch list. These scores can be used to help evaluate an investment but should not be the sole source of information used to select and monitor investment.

# Economic Outlook



# Economic Outlook

<p><b>Review</b></p> 	<p>U.S. Stocks have significantly outperformed developed international and emerging market equities in 2018</p> <p>After a year of historically low volatility, financial markets have experienced more normal movements in 2018</p>
<p><b>Outlook: Strengths</b></p> 	<p>Earnings and economic momentum continue to indicate no imminent recession</p> <p>Corporate cash-reserves and household debt ratios continue to remain low indicating balance sheets are well-positioned to handle market volatility</p>
<p><b>Outlook: Risks</b></p> 	<p>Interest rates are moving higher creating a drag on bond market returns</p> <p>Overall valuations are no longer cheap and the current bull-market is now the longest in our nations history</p> <p>Geopolitical risks are higher with continuing trade tensions</p>

# Economic Outlook

## Greater Than 1% Movements Up Or Down On Any Given Trading Day

**2017**

**7 Days**

(The lowest volatility since 1964)

**Through Sept  
of 2018**

**36 Days**

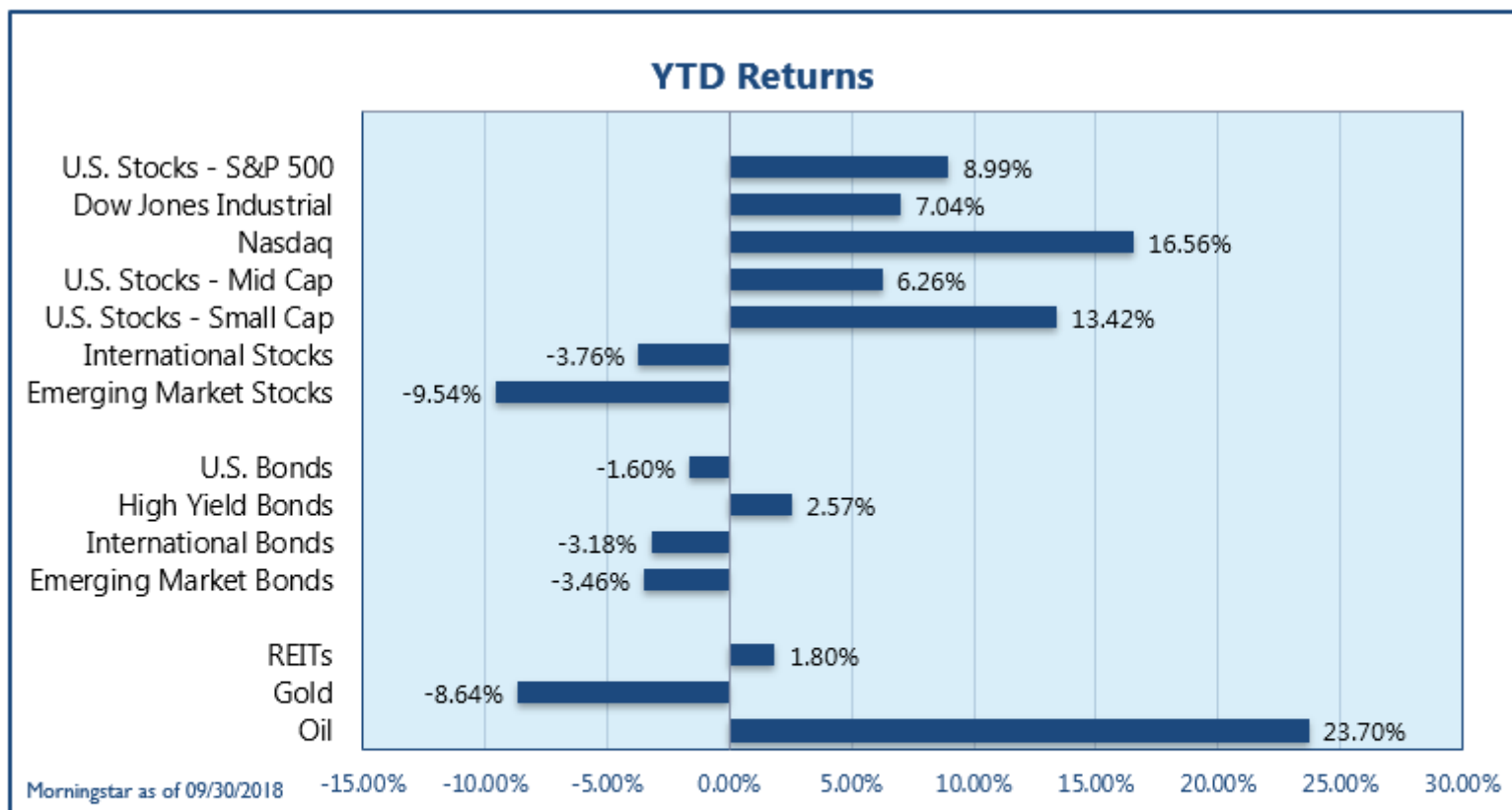
(More typical volatility pattern)

Source: Standard & Poors

- Volatility has reappeared in the markets after a long period of relative tranquility. The calm nature of markets throughout 2017 was more of the anomaly compared to the typical volatility experienced in the markets.
- 2017 was the least volatile year for the stock market since 1964. There were only 7 trading days in 2017 in which the stock market went up or down by more than 1%. We have already experienced 36 such trading days through September.
- While volatility has accelerated back to an average pace in 2018, there were no market moves of 1% or greater in the entire 3<sup>rd</sup> quarter of 2018.



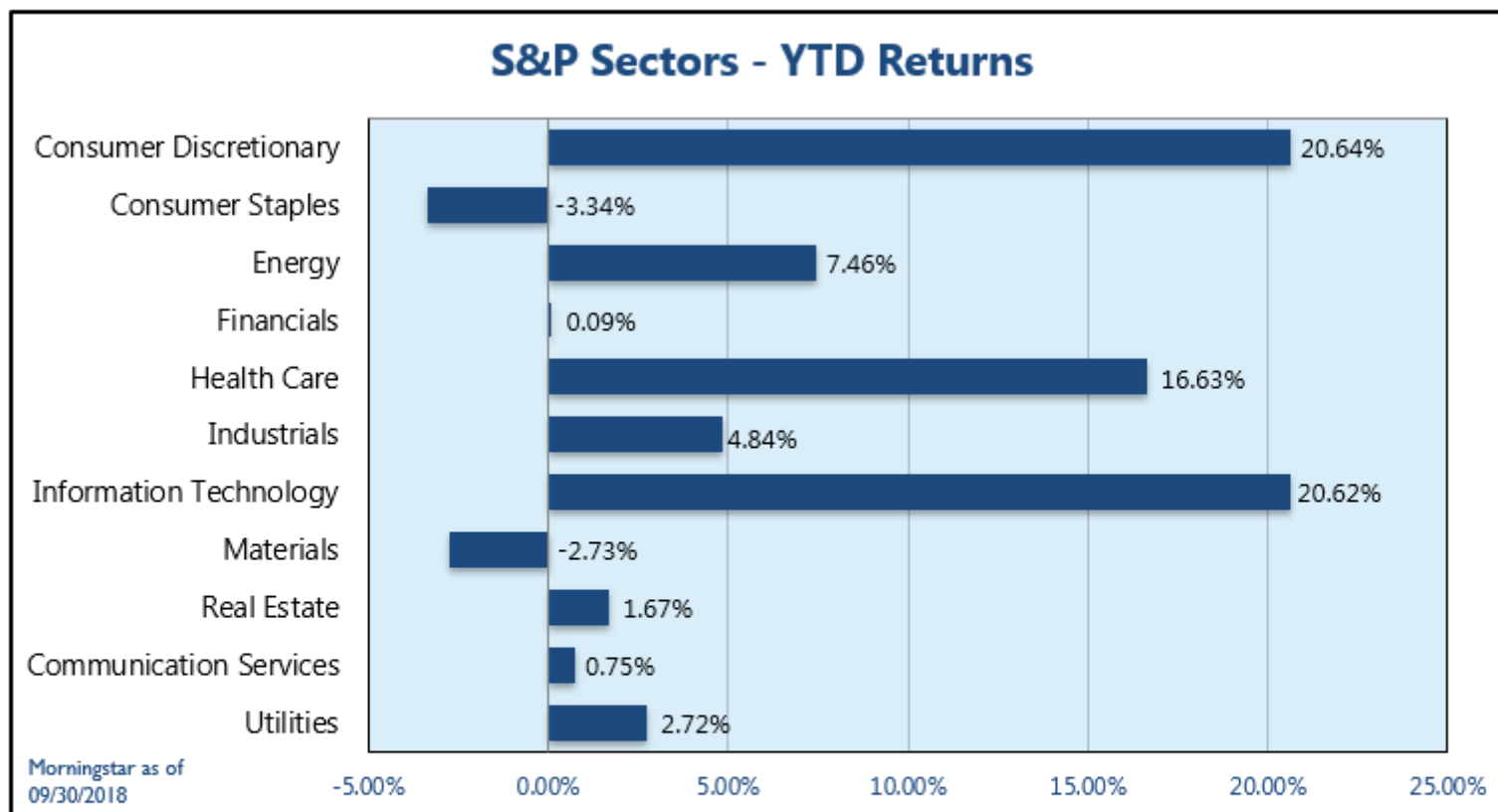
# Economic Outlook



- Volatility has re-emerged in 2018 with the broad stock indexes experiencing large swings throughout the year. US based indexes have outperformed as International and Emerging markets have lagged due to weaker than expected data, simmering trade tensions, and a strengthening US dollar.
- Bonds have struggled as the Federal Reserve continues to slowly increase interest rates throughout the year.
- Oil prices have recovered considerably from lows breached in 2015 as global demand has increased along with geo-political uncertainty in oil-producing countries like Iran and Venezuela.



# Economic Outlook



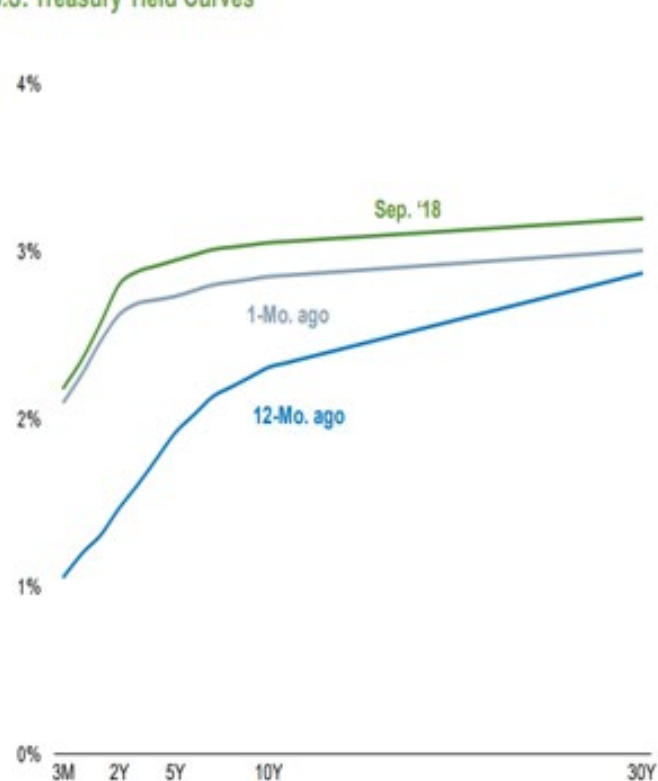
- All sectors that have a focus on dividend distribution have experienced weak relative results as a rise in interest rates made their dividends appear less attractive.
- Even with significant headline risk, technology continues to lead the markets forward as it has throughout this current bull market.





# Economic Outlook

## U.S. Treasury Yield Curves



- The left-hand graph denotes the slope of the U.S. Treasury yield curve meaning how much higher longer-term interest rates are than short-term rates. An inverted yield curve, meaning short-term rates are higher than long-term rates, has been a strong indicator of future market problems. While the yield curve has gotten flatter over the last year, as short term interest rates have increased faster than long-term rates, it has not yet inverted.
- The right-hand graph denotes the rise and fall of interest rates dating back to 1951. For 30 years interest rates increased until they peaked in 1982 at over 15% and have since fallen to all-time lows. While rates have started to increase, there are too many global market dynamics that will keep yields from going too high too fast.



We appreciate your continued support!  
Thank You!

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## CareerSource Central Florida Finance Committee Charter

### 1. Purpose:

- The Finance Committee ("Committee") is a committee of CareerSource Central Florida Board of Directors ("Board"), whose members are appointed by the Chair of the Board. The general purpose of the Committee is to provide review, policy guidance and strategic oversight of the Corporation's financial matters, financial reporting statements, and real estate activities.

### 2. Authority:

The Board authorizes the Committee to:

- Perform activities within the scope of its charter.
- Engage outside consultants and other advisors as it deems necessary with approval of the Board or the President.
- Have unrestricted access to management and employees of the Corporation, as well as to all books and records related to facility planning.

### 3. Organizational Membership:

- The Board Treasurer is the Chair of the Finance Committee.
- The Chair of the Board will appoint members of the Committee, all of whom must be members of the Board.
- The Committee will consist of at least three members.
- Members will serve on the Committee until their resignation or replacement by the Chair of the Board.

### 4. Meetings:

- A majority of the members of the Committee will constitute a quorum for the transaction of business.
- Meetings shall be held not less than four times per year.
- The Committee shall maintain written minutes of its meetings.
- The Chief Financial Officer or designee, who has operational responsibility for financial planning, will be the liaison to the Committee. Said staff person will regularly meet and correspond with the Chair of the Committee and in consultation with the Chair, prepare the agenda for meetings of the Committee. Said staff person will further advise and keep informed as needed both the President and the Chair of the Board on a regular basis regarding matters brought before and actions taken by the Committee.
- The Committee may request special presentations or reports that may enhance members' understanding of their responsibilities.

- It is the intent of the Committee for matters within its purview to come before the Committee as early as possible so that the Committee can issue its recommendations and exercise its oversight at the beginning of any particular project or matter.

5. Roles and Responsibilities:

With regard to each item listed below, the Committee will:

- Review the annual budget of the Corporation and recommend appropriate action to the Board.
- Review the annual and any interim financial statements of the Corporation, making recommendations for action to the Board as needed.
- Regularly review the retirement plan and benefits for CareerSource Central Florida.

6. Facilities:

- Recommend appropriate action regarding the addition, deletion or major structural changes of offices.

7. Charter Review:

- Review the Committee Charter at least once a year and discuss any required changes with the Board.
- Ensure that the charter is approved or reapproved by the Board after each update.

CareerSource Central Florida  
Budget Versus Actual Report  
As of 06/30/18

CSCF Budget FY 2017 - 2018		INDIRECT COST	RESEA 119	WIOA Adult 20	Youth 22	WIOA DW 30	WT 60	TAA 81	SNAP 85	WP 90	DVOP 94	UC 96	LVER 98	NEG	Inc \$'s (WIA/WP)	TACCCT 129	TRANCOM 130	YOUTHBUILD 133	AMERICAS PROMISE 132	UNRESTRICTED	NEG HURRICANE IRMA	NEG HURRICANE MARIA	MISC NEW GRANTS	Actual Expenditures	% of Expenditures
Funding Sources	Total Revenue																								
Carry In Funds From FY 16 - 17	5,657,409			2,027,565	3,346,853					282,991															
FY 17 - 18 Award	33,425,447		475,351	4,534,780	4,230,190	5,769,572	6,682,917	200,000	900,000	2,244,318	188,976	138,936	118,414	150,000	217,874	55,000	60,000	152,127	197,153	60,000	2,155,000	3,902,879	991,960		
Award Total - Available Funds	39,082,856		475,351	6,562,345	7,577,043	5,769,572	6,682,917	200,000	900,000	2,527,309	188,976	138,936	118,414	150,000	217,874	55,000	60,000	152,127	197,153	60,000	2,155,000	3,902,879	991,960		
LESS planned Carryover For FY 18 - 19	(8,198,541)			(1,324,725)	(846,038)	(1,153,914)			(225,000)	(448,864)												(3,600,000)	(600,000)		
<b>Total Available Funds Budgeted</b>	<b>30,884,316</b>		<b>475,351</b>	<b>5,237,620</b>	<b>6,731,005</b>	<b>4,615,658</b>	<b>6,682,917</b>	<b>200,000</b>	<b>675,000</b>	<b>2,078,445</b>	<b>188,976</b>	<b>138,936</b>	<b>118,414</b>	<b>150,000</b>	<b>217,874</b>	<b>55,000</b>	<b>60,000</b>	<b>152,127</b>	<b>197,153</b>	<b>60,000</b>	<b>2,155,000</b>	<b>302,879</b>	<b>391,960</b>		
<b>PROGRAM</b>	<b>Authorized Budget</b>																								
Salaries/Benefits	13,373,016	1,530,734	389,894	3,320,360	1,868,291	354,435	2,597,664	9,166	565,716	373,611	182,802	117,943	85,036	40,509	-	89,787	92,268	87,272	84,147	6,273	99,398	110,195	156,677	12,162,180	90.9%
Program Services	12,356,800	-	-	3,430,398	1,915,854	668,509	1,674,772	281,416	-	-	-	-	-	88,906	-	-	-	6,703	-	7,091	1,458,706	71,036	325,025	10,237,718	82.9%
Professional Services	870,000	214,722	10,716	123,345	93,623	11,243	208,762	1,069	18,075	44,984	11,635	4,247	8,574	922	22,360	2,793	2,801	2,072	1,837	254	1,960	732	5,481	797,687	91.7%
Outreach	232,500	16,608	1,440	31,958	16,230	2,072	17,713	397	3,961	11,342	3,144	1,696	2,757	224	12,158	649	632	5,609	1,482	6,000	223	40,245	1,182	178,904	76.9%
Infrastructure/Maintenance & Related Cost	2,622,000	203,832	27,942	259,637	146,048	24,170	500,317	3,809	48,014	1,227,455	40,235	10,990	30,536	2,895	-	6,396	6,025	5,342	4,694	2,544	4,543	4,053	25,450	2,610,376	99.6%
IT Cost/Network Expenses	1,125,000	79,138	14,909	167,632	95,408	17,205	146,777	2,681	33,075	112,026	30,280	7,641	16,425	1,563	60,492	4,092	4,493	3,293	3,252	-	2,576	609	9,310	822,188	73.1%
Staff Development & Capacity Building	305,000	46,464	1,693	43,722	21,285	1,579	27,740	148	2,650	14,703	2,872	459	2,448	217	-	378	447	408	311	43,914	463	1,309	1,236	215,682	70.7%
Indirect Cost (10.36%)		(2,107,794)	39,738	665,326	374,310	97,035	490,498	26,936	59,774	65,948	16,203	9,324	11,545	11,986	1,260	(1,137)	(1,125)	(1,170)	(996)	5,980	141,582	29,083	37,886	10,079	
<b>EXPENDITURES</b>	<b>30,884,316</b>	<b>(16,295)</b>	<b>486,333</b>	<b>8,042,376</b>	<b>4,531,049</b>	<b>1,176,249</b>	<b>5,664,242</b>	<b>325,624</b>	<b>731,265</b>	<b>1,850,068</b>	<b>287,171</b>	<b>152,301</b>	<b>157,321</b>	<b>147,220</b>	<b>96,270</b>	<b>102,958</b>	<b>105,542</b>	<b>109,528</b>	<b>94,727</b>	<b>72,056</b>	<b>1,709,451</b>	<b>257,262</b>	<b>562,248</b>	<b>27,024,736</b>	<b>87.5%</b>
<b>FUNDING DECISIONS</b>	<b>-</b>	<b>10,313</b>	<b>-</b>	<b>(2,581,381)</b>	<b>98,909</b>	<b>3,000,000</b>	<b>-</b>	<b>(60,195)</b>	<b>-</b>	<b>72,238</b>	<b>(97,310)</b>	<b>(119,369)</b>	<b>(19,179)</b>	<b>(185)</b>	<b>142,199</b>	<b>(94,116)</b>	<b>(100,200)</b>	<b>(95,983)</b>	<b>(88,508)</b>	<b>-</b>				<b>67,232</b>	
<b>TOTAL BUDGET/EXPENDITURES</b>	<b>27,024,736</b>	<b>(5,982)</b>	<b>486,333</b>	<b>5,460,995</b>	<b>4,629,958</b>	<b>4,176,249</b>	<b>5,664,242</b>	<b>265,429</b>	<b>731,265</b>	<b>1,922,306</b>	<b>189,861</b>	<b>32,933</b>	<b>138,142</b>	<b>147,035</b>	<b>238,469</b>	<b>8,842</b>	<b>5,342</b>	<b>13,545</b>	<b>6,219</b>	<b>72,056</b>	<b>1,709,451</b>	<b>257,262</b>	<b>562,248</b>	<b>27,024,736</b>	<b>87.5%</b>
<b>TOTAL AVAILABLE FUNDS</b>	<b>3,859,580</b>	<b>5,982</b>	<b>(10,982)</b>	<b>(223,375)</b>	<b>2,101,047</b>	<b>439,409</b>	<b>1,018,675</b>	<b>(65,429)</b>	<b>(56,265)</b>	<b>156,140</b>	<b>(885)</b>	<b>106,003</b>	<b>(19,728)</b>	<b>2,965</b>	<b>(20,595)</b>	<b>46,158</b>	<b>54,657</b>	<b>138,581</b>	<b>190,933</b>	<b>(12,057)</b>	<b>445,548</b>	<b>45,616</b>	<b>(170,289)</b>		
<b>% OF FUNDS EXPENDED BY GRANT</b>	<b>87.5%</b>		<b>102.3%</b>	<b>104.3%</b>	<b>68.8%</b>	<b>90.5%</b>	<b>84.8%</b>	<b>132.7%</b>	<b>108.3%</b>	<b>92.5%</b>	<b>100.5%</b>	<b>23.7%</b>	<b>116.7%</b>	<b>98.0%</b>	<b>109.5%</b>	<b>16.1%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>3.2%</b>	<b>120.1%</b>	<b>79.3%</b>	<b>84.9%</b>	<b>143.4%</b>		
	<b>ACTUAL</b>	<b>TARGET</b>																							
ITA % Adult	55.0%	50.0%	A	A- The states mandates that 50% of total WIOA adult and dislocated worker funds are spent in client intensive training activities.																					
ITA % Youth	21.0%	20.0%	A	B - The state mandates that total administrative cost are not to exceed 10% of total cost.																					
ADIMINISTRATIVE COST %	9.0%	8.0%	B																						



**CareerSource Central Florida**  
**Current Year Budget and 2 yr Expenditure Comparison**  
**As of 09/30/18**

	CY	PY	\$	%
Funding Sources	Revenue	Revenue	Difference	Difference
Carry In Funds From FY 17 - 18	11,048,130	5,657,409	5,390,721	
FY 18 - 19 Award	26,295,505	33,365,447	(7,069,942)	
Award Total - Available Funds	37,343,635	39,022,856	(1,679,221)	
LESS planned Carryover For FY 19 - 20	(5,043,635)	(8,448,540)	3,404,905	
<b>Total Available Funds Budgeted</b>	<b>32,300,000</b>	<b>30,574,316</b>	<b>1,725,684</b>	<b>5.6%</b>

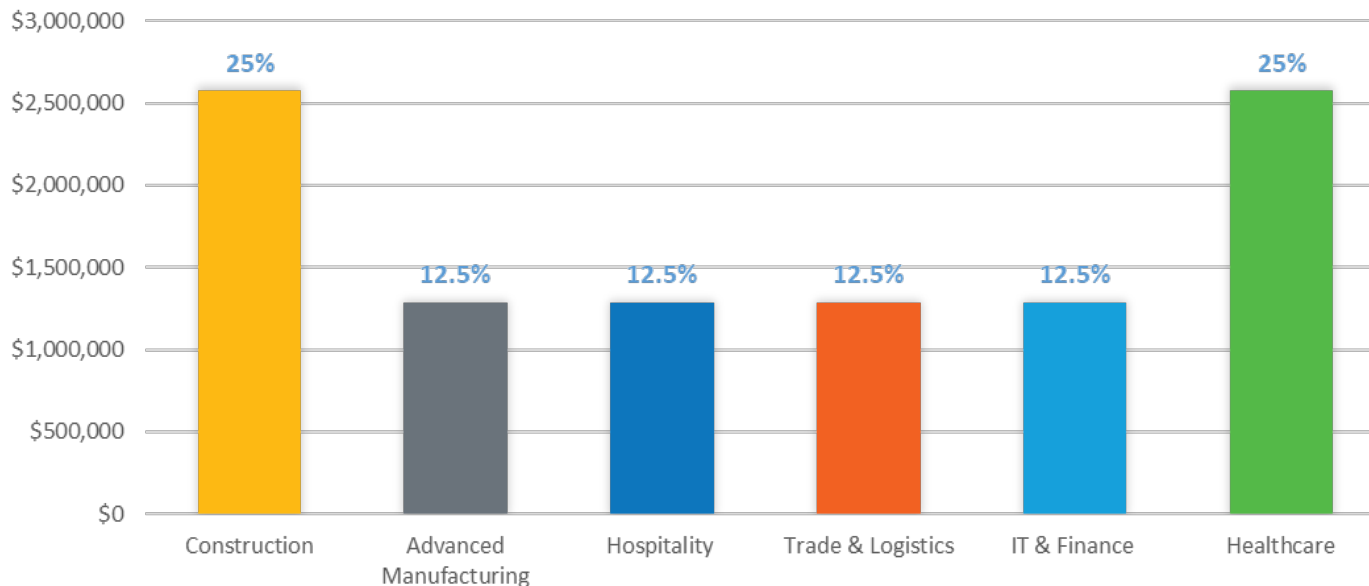
	CY	PY	\$		
Budget	Expenditures	Expenditures	Difference	% Difference	
<b>Salaries/Benefits</b>	<b>13,578,000</b>	<b>3,028,223</b>	<b>2,793,068</b>	<b>235,155</b>	<b>8.4%</b>
<b>Career &amp; Youth Services</b>	<b>13,600,000</b>	<b>2,804,275</b>	<b>1,069,698</b>	<b>1,734,577</b>	<b>162.2%</b>
<b>Professional Fees</b>	<b>670,000</b>	<b>91,378</b>	<b>123,073</b>	<b>(31,695)</b>	<b>-25.8%</b>
<b>Outreach</b>	<b>282,000</b>	<b>53,044</b>	<b>84,454</b>	<b>(31,410)</b>	<b>-37.2%</b>
<b>Infrastructure/Maintenance &amp; Related Cost</b>	<b>2,700,000</b>	<b>594,647</b>	<b>625,108</b>	<b>(30,461)</b>	<b>-4.9%</b>
<b>IT Cost/Network Expenses</b>	<b>1,165,000</b>	<b>284,234</b>	<b>268,603</b>	<b>15,631</b>	<b>5.8%</b>
<b>Staff Development &amp; Capacity Building</b>	<b>305,000</b>	<b>60,865</b>	<b>32,144</b>	<b>28,721</b>	<b>89.4%</b>
<b>TOTAL EXPENDITURES</b>	<b>32,300,000</b>	<b>6,916,666</b>	<b>4,996,148</b>	<b>1,920,518</b>	<b>38.4%</b>

	BUDGET	CY ACTUAL	PY ACTUAL
ITA %	50.0%	52.8%	19.9%
ADMINISTRATIVE COST %	8.0%	8.6%	9.1%



# Talent Development Targets by Industry

## IMPACT MODEL



- **Equally Invest the Most in the Healthcare and Construction Industries Due to High Volume of In-Demand Professions**
- **Invest in Remaining Four Industries Evenly**
- **500 Career Seekers will Receive Training in Construction and Healthcare, respectively**
- **250 Career Seekers will Receive Training in Advanced Manufacturing, Hospitality, Trade, Logistics, Utilities, IT & Finance, respectively**

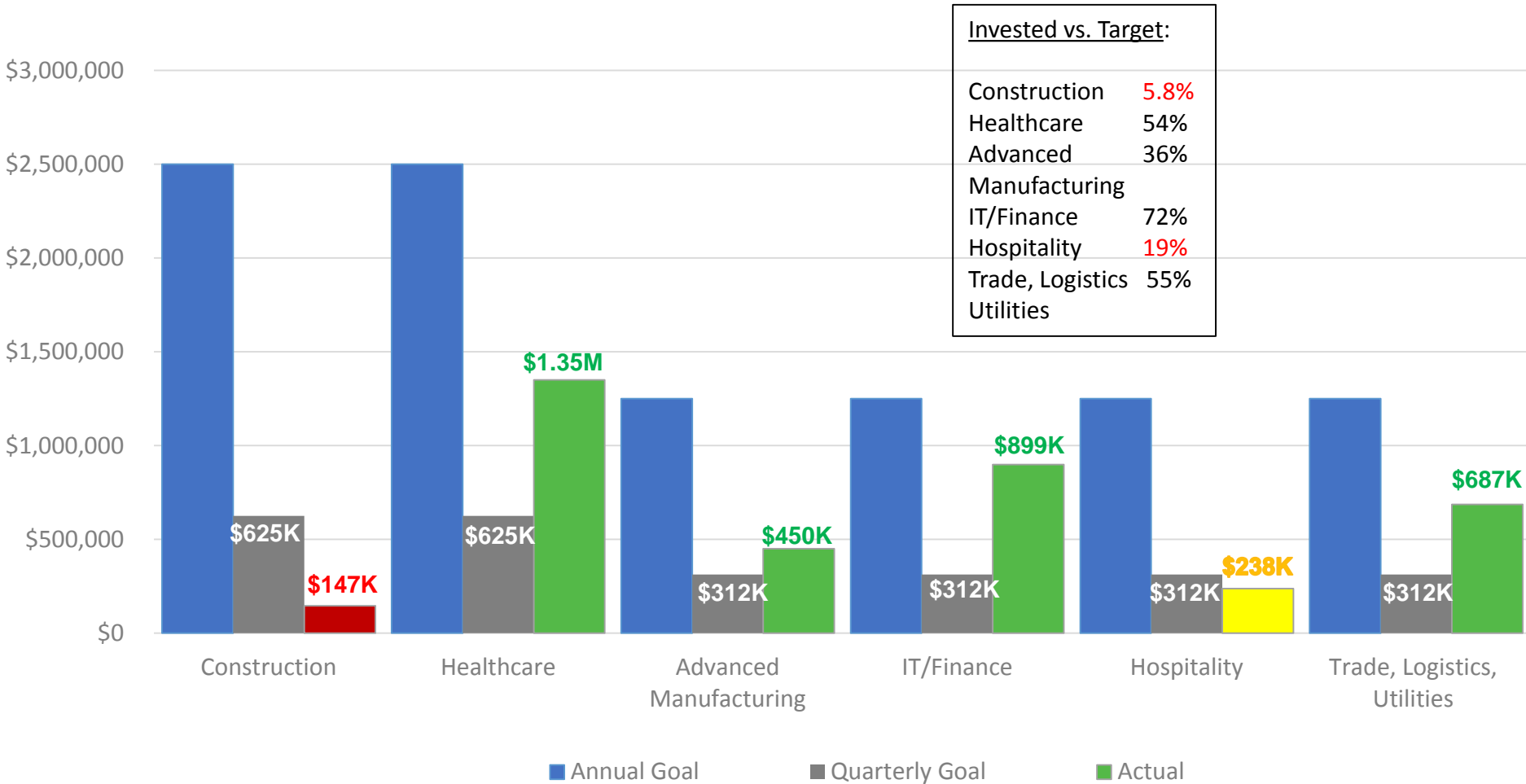




# ANALYZE THE BUSINESS

## TRAINING INVESTMENTS SCORECARD

**\$10.3M Training Investment is Strategically Prioritized to Support High Growth Industries**

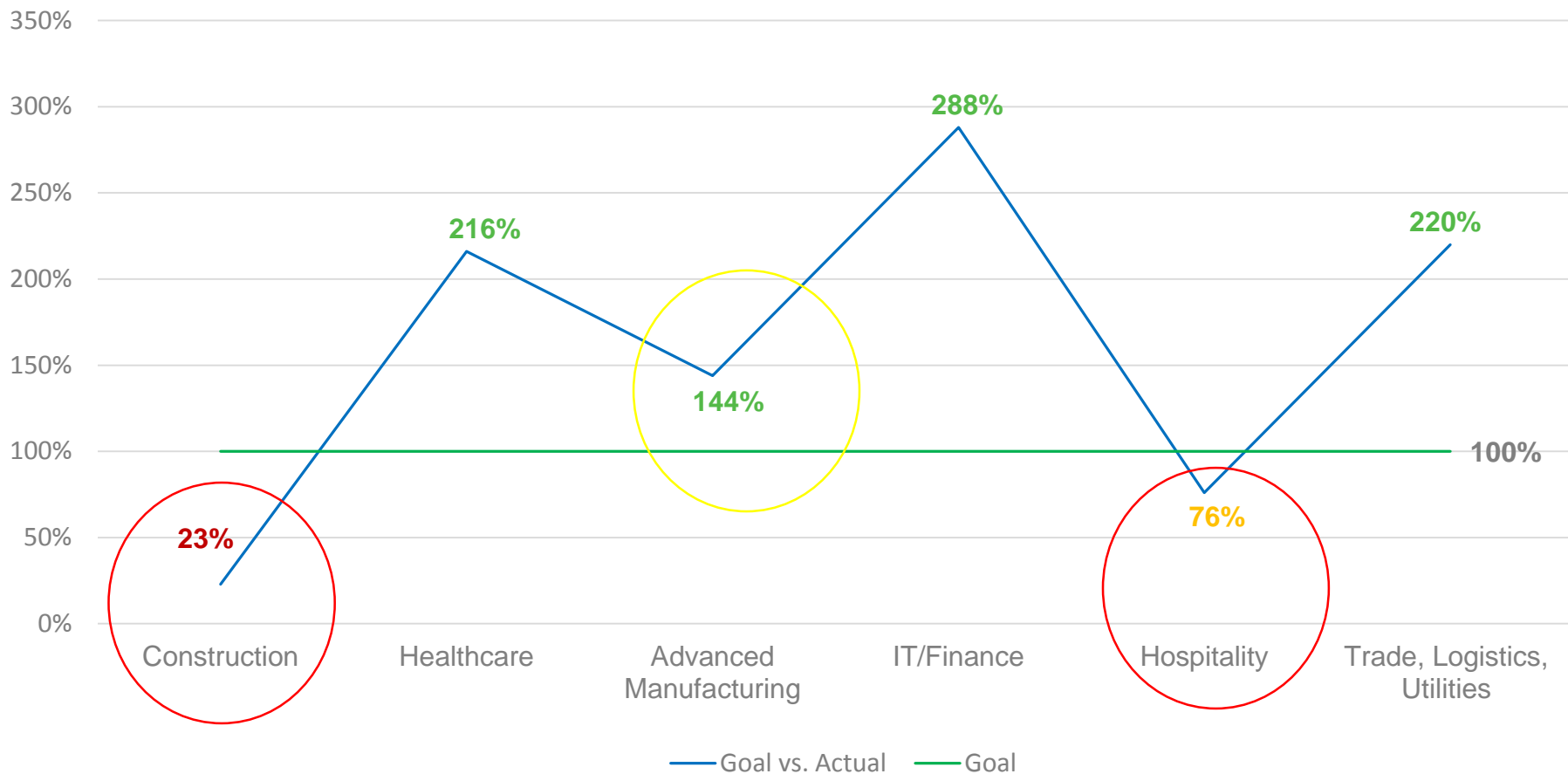




# ANALYZE THE BUSINESS

## TRAINING INVESTMENTS SCORECARD

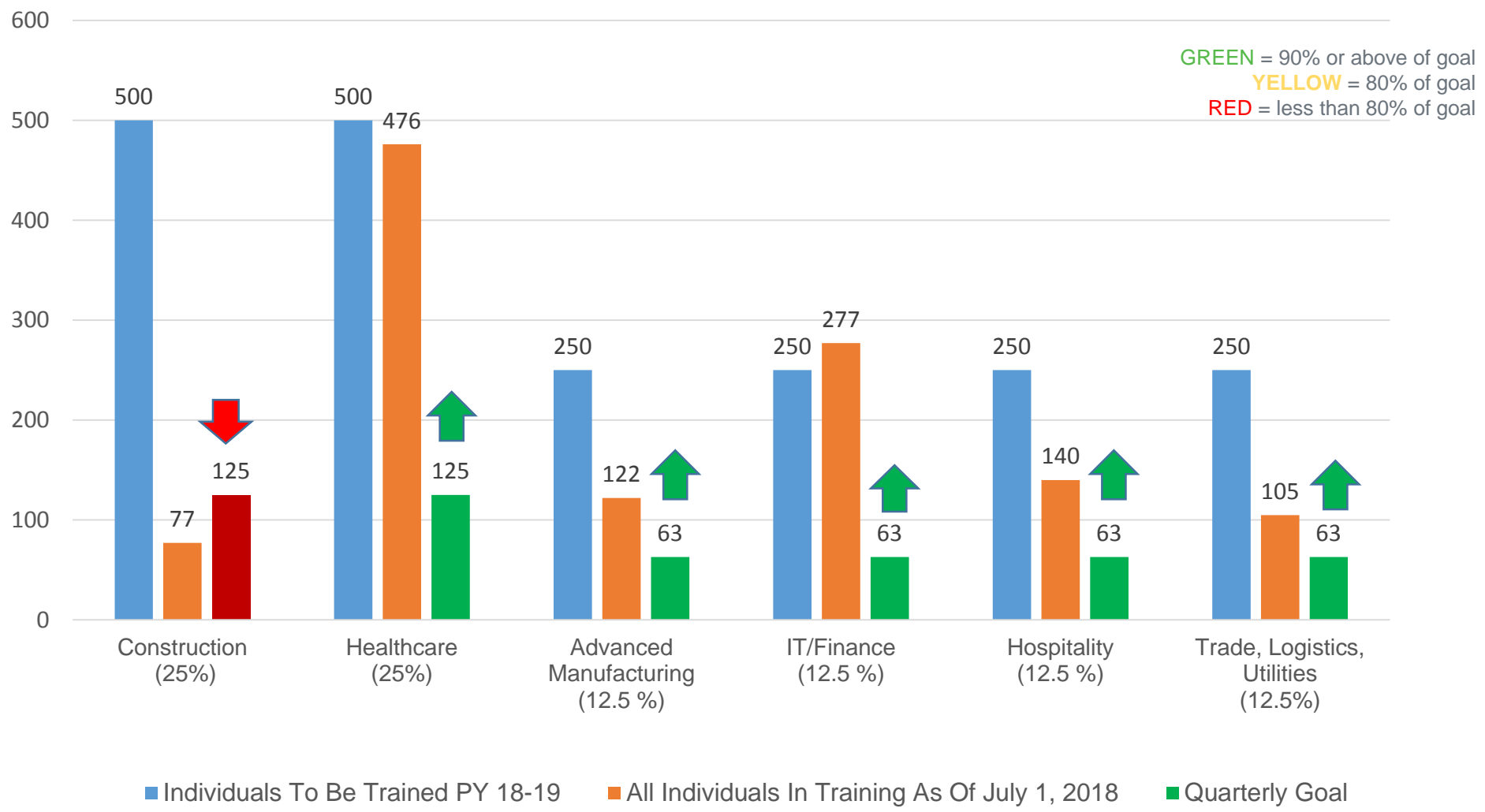
**\$10.3M Training Investment Progress**





# ENGAGE THE TALENT POOL

## INDIVIDUALS TO BE TRAINED SCORECARD



Data Time Period: July 1 – September 30, 2018  
 Source: Employ Florida



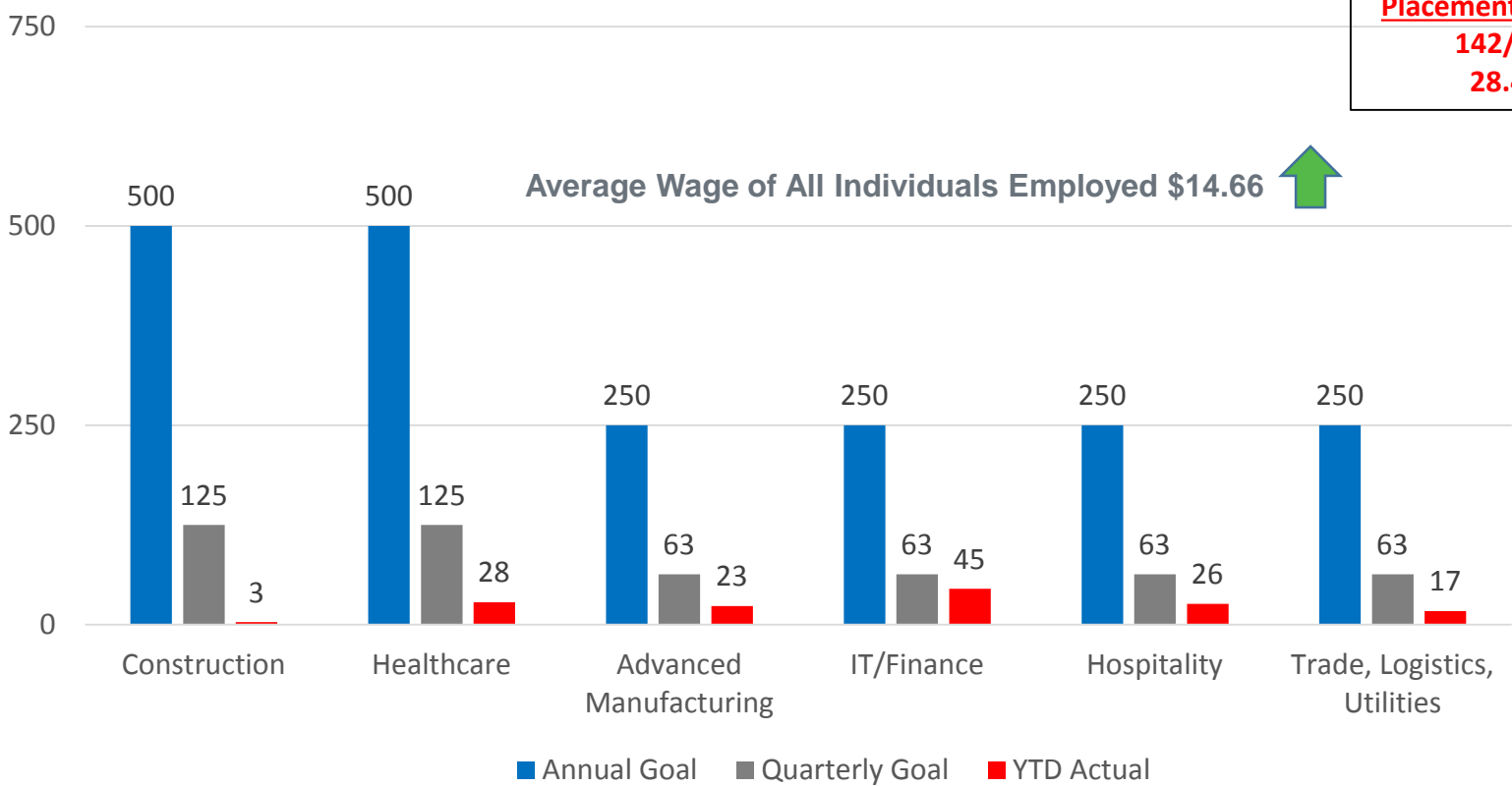
# ENGAGE THE TALENT POOL

## ALL INDIVIDUALS TRAINED & EMPLOYED SCORECARD

2,000 CAREER SEEKERS ENTER HIGH GROWTH INDUSTRIES  
AT AN AVERAGE WAGE OF \$15 PER HOUR OR MORE

GREEN = 90% or above of goal  
YELLOW = 80% of goal  
RED = less than 80% of goal

**Placement vs. Goal:**  
**142/500**  
**28.4%**





## Memorandum

**To: Finance Committee**  
**From: Leo Alvarez**  
**Subject: CareerSource Central Florida – Analysis of Reserve Funds**  
**Date: October 25, 2018**

**Purpose:** To analyze reserve “carry-in” funds based on four years of historical data and discuss parameters prescribed by fund requirements and DEO guidance.

**Background:** Below is a chart over the last four fiscal years that includes annual funding, overall CSCF budget, including reserve carry-in and reserve carryout to the following year, and overall reserve balances. With the exception of current year budget, CSCF’s carry-in percentage has hovered around 20%, which aligns with DEO issued guidance in 2001 that unobligated funds over 20% are subject to de-obligation.

	FISCAL YEAR			
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
One Year Funding	\$ 26,295,505	\$ 33,425,447	\$ 27,626,333	\$ 26,455,159
Annual Percentage Change +/-	-27%	17%	4%	2%
Annual Budget	\$ 32,300,000	\$ 30,574,316	\$ 30,216,214	\$ 30,664,166
Annual Percentage Change +/-	5%	1%	-1%	
Reserve (Carry-In Funds)**	(11,048,130)	(5,657,409)	(6,270,182)	(7,889,619)
Annual Percentage Change +/-	49%	-11%	-26%	
% Reserve of Total Budget (DEO Recommendation @20%)	<b>-34%</b>	<b>-19%</b>	<b>-21%</b>	<b>-26%</b>

\*\* Note: CSCF received roughly \$5M in National Emergency Funds in December of 2017 for Hurricane Irma and Maria. Hurricane Maria funds are available until September of 2019, substantially increasing current year carry-in funds and overall budget in the current year.

CSCF's budget can be broken down into two buckets. One bucket is The Workforce Investment Opportunity Act dollars (Adult, Youth, and Dislocated Worker). These funds have a two-year life and makes up roughly 50% of CSCF's budget. The other 50% of CSCF's budget is consists of one-year funds and are not subject to reserve between fiscal years. Below is a graphic of CSCF's current fiscal year revenue budget visually showing the 50/50 split in funding. Of the roughly \$16M in WIOA funds, CSCF has currently set \$5.M into reserves for next fiscal year.

