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Juvenile Welfare Board Finance Committee Meeting : 2013 : 08 : 12 : Packet

Juvenile Welfare Board of Pinellas County. Finance Committee.

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FINANCE COMMITTEE MEETING MINUTES

Tuesday, June 4, 2013
10:30 AM
Juvenile Welfare Board
Conference Room 185

COMMITTEE MEMBERS PRESENT: Honorable Bernie McCabe, Chair, Honorable Bob Dillinger; Mrs. Maria Edmonds; Mr. Raymond Neri, Mrs. Elise Minkoff, Ex Officio

GUEST(S): Andrew L. Sinclair, Vice President, Institutional Trust Relationship Manager, Regions Trust; Michael Moreno, Program and Marketing Manager, Florida Trust

Via Conference Call: Christine Taylor Patel, Vice President, Portfolio Manager, Regions Trust; Bryant E. Gries, Trust Manager, Florida Trust; Jennie Schnitker, Management Analyst II, Florida Trust

JWB STAFF PRESENT: Gay Lancaster; Dr. Marcie Biddleman; Lisa Sahulka; Dr. Mary Grace Duffy; Debra Prewitt; Lynn De la Torre; Sue Walterick

MEETING WAS CALLED TO ORDER BY MR. MCCABE AT 10:31 AM.

I. Approval of January 23, 2013 Finance Committee Minutes

ACTION: Mr. Dillinger moved approval to accept Minutes as written; no further discussion; motion carried.

II. New Investment Options

Ms. Sahulka asked that the Committee provide direction to the JWB staff on an opportunity to potentially raise the amount of interest income. JWB can either continue their current progression or shift to a longer term investment using fund balance dollars.

Mr. McCabe asked what the maturity range would be for the proposal.

Ms. Sahulka: We brought two funds to you and the way we began to research this is we originally spoke to Regions Bank and they proposed a fund that would probably be at least 2.5 to 3 years in order to realize it. Our current Board policy will allow for only a 2 year investment and in full disclosure. I want to remind the Finance Committee that we had previously proposed a change approximately 1.5 to 2 years ago and asked you to increase it from 1 to 2 years.
Mr. McCabe: You’re talking about the individual instruments within the fund.

Ms. Sahulka: That is correct. The maturity was originally 1 year and the Board increased it to 2 years. What we are proposing is a 3rd maturity year. The other possibility is Florida Local Government Investment Trust (FLGIT). We are bringing two options to you because we think there would have to be at a minimum a diversity of long-term investing so that we would not solely use either one or the other. However, the Board can certainly decide if that is what they prefer. I think if you look at the returns there is no doubt that FLGIT provides a higher return than Regions does, but there are some advantages to Regions that FLGIT also doesn’t have.

Mr. McCabe: You have FLGIT at .11 and Regions at .15.

Ms. Sahulka: But for the basis point return FLGIT is .43 and Regions would be .20.

Mr. Dillinger asked about the BB&T proposal.

Mrs. Walterick said they propose laddering CDs, which will not bring about any substantial earnings, compared to these other two options.

A discussion then took place among all parties.

Mr. McCabe said the first item of business is: should we increase our reserve to what amounts to a three month operating fund.

Mrs. Lancaster believes we are looking at a fairly prudent option with a reserve of three months and, if established, the potential is there to earn a greater return.

Mr. McCabe said in the past we determined that the prudent operating reserve was a certain percentage of the total budget and we sustained criticism in our audit due to the size of our fund balance.

Ms. Sahulka indicated that percentage was higher than the proposed three month operating fund, which would be a healthy fund balance.

Mr. McCabe asked why the 45 day fund balance was prudent before but not going into the future.

Ms. Sahulka said property valuations are less secure which has also been the driver for the County creating a similar rainy day fund.

Mrs. Lancaster said Commissioner Seel brought this concept to the attention of JWB staff. A prudent reserve allows JWB a cushion for a precipitous reduction in valuations going forward, should we encounter another economic downturn.

Further discussion ensued, after which Mr. McCabe thanked all the participants and referred to the first question: what to do with the reserves.

Mr. Neri indicated he would like to increase the reserve.

Mrs. Edmonds has mixed feelings but would like to increase the reserve.
Mr. McCabe said he doesn’t know if the Finance Committee is obligated to take a position and believes it is a Board decision, but, if the reserve is increased, FLGIT is the better investment opportunity.

**ACTION:** Mr. Neri moved to increase the reserve to 3 months of an operating fund; seconded by Mrs. Edmonds. Further discussion took place. Mr. Dillinger and Mr. McCabe voted against the motion which failed. Mr. McCabe will present this issue to the Board along with the Finance Committee discussion.

### III. Fiscal Policy Update Recommendations

Mr. McCabe initiated the discussion regarding the recommendation to allow the Executive Directors to spend up to $50,000 for funding requests without Board approval. Mr. McCabe wanted to know why the recommendation was necessary.

Ms. Sahulka said, as part of the Council on Accreditation (COA) process, we are looking at JWB’s Board policies, specifically the Purchasing Policies at this time. Currently the Executive Director has authority for $25,000 and an RFP is also limited to $25,000. If the Purchasing Policies are changed to reflect $50,000, the Executive Director’s signing authority would also change to $50,000.

Mr. Dillinger questioned why staff recommended that we raise an agency’s budget from $500,000 to $1M to qualify for funding.

Ms. Sahulka observed that we are not requiring $1M to quality for funding but agencies under $500K would be required to utilize an ASO.

Mr. Dillinger asked about the rationale.

Ms. Sahulka said that $500,000 is a small agency and we would have to be certain they have administrative capacity.

Mr. McCabe: Do we have any agencies currently funded that have a budget less than $1M?

Ms. Sahulka: The Neighborhood Family Centers (NFC).

Mr. McCabe: Don’t we give these agencies administrative assistance?

Ms. Sahulka: The NFCs are currently under the ASO. The issue regarding Alpha was also raised. They are still struggling. We have advocated to Department of Children and Families (DCF) to consider raising their per diem rate but we have not been able to get close. An increase in rates would have to be paid by Eckerd.

Mrs. Lancaster: We are trying to give them some sense of stability. The fact that they have a lower per diem rate is what is causing the transfer of young women from other counties into Pinellas; it is less expensive to have them come here instead of as far away as Lakeland. We should pay them a daily rate for sheltering, but it is $20 less per diem than the daily rate of Alpha in Tampa.

Mr. McCabe asked for information to be given at the next Board meeting regarding this to discuss with Ms. Lorita Shirley.

Mrs. Minkoff said we can ask Ms. Shirley to come forward and take questions from the Board.
**ACTION:** Mr. Neri moved to approve the proposed increase in the Executive Director’s authority, as well as the new Purchasing Policies, but not investment changes or an increase in the reserve; seconded by Mr. Dillinger; no further discussion; motion carried.

**IV. Review FY 13/14 Proposed Budget**

Mrs. Lancaster said the budget that staff recommends reflects a flat millage of .8981. There are some changes in the portfolio. Our investment in Safety Net Slots will be reduced and Early Learning child care slots will be increased. Designated one-time only amounts of $500,000 each will be set aside for the school system’s North County Lew Williams Project, and the St. Pete College Mid Town Quality Childcare and Learning Institute as a degree potential for people who are seeking a career in child care and development.

Mr. McCabe asked for more details on our investment for the project in Mid Town.

Mrs. Lancaster said we would be engaged in renovating a facility for children that would serve as a model early learning center.

Mr. Dillinger inquired about the $200,000 increase in COSA.

Mrs. Lancaster said it was the North County program expansion that was approved last month.

Further discussion ensued.

**ACTION:** Mr. Neri moved to send the budget forward; seconded by Mrs. Edmonds; no further discussion; motion carried.

Mrs. Minkoff brought forward the Florida Children’s Council (FCC) request for JWB to rejoin the Association, however, after meeting with the Executive Director and Chair of the Board she has decided to remain neutral. An Action Report was distributed which included a description of the realignment of the FCC services, restructuring of their office and their Tallahassee activities. Also, a more flexible budget was included. JWB is the only Children’s Services Council (CSC) not a member of the Association and the FCC has requested JWB reconsider joining. Dues have been restructured and the JWB share reduced to approximately $54,000. They run a very lean staff: an Executive Director and a policy person. They would like to meet individually with Board members to talk about changes they have made.

McCabe asked if it would be inappropriate for them to attend one of our meetings and explain these items all at one time. He also felt we were receiving excellent legislative advocacy from Mrs. Debra Prewitt.

Mrs. Minkoff said they were hoping to do some one-on-one meetings and meet with the Board members to discuss the changes that have been made. They have restructured their Board and handle Board meetings more effectively.

Mrs. Lancaster asked the Committee if they were willing to allow FCC representatives to meet with the Board members.
The Committee responded affirmatively.

Mr. McCabe adjourned the meeting at 12:23 PM.

Minutes respectfully submitted by Joan Chamo, Executive Assistant