10-25-2012

Juvenile Welfare Board Finance Committee Meeting : 2012 : 10 : 25 : Packet

Juvenile Welfare Board of Pinellas County. Finance Committee.

Juvenile Welfare Board of Pinellas County

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FINANCE COMMITTEE MEETING NOTES

Tuesday, September 11, 2012

4:30 PM.

Collaborative Lab - Conference Room 105

COMMITTEE MEMBERS PRESENT: Honorable Bernie McCabe, Chair, Honorable Bob Dillinger, Maria Edmonds, Elise Minkoff,

JWB STAFF PRESENT: Gay Lancaster, Marcie Biddleman, Lisa Sahulka, Lynn De la Torre, Sue Walterick

MEETING WAS CALLED TO ORDER BY MR. MCCABE AT 4:33 PM.

REQUESTED APPROVAL: March 23, 2012 FINANCE COMMITTEE NOTES

ACTION: Mrs. Minkoff moved approval to accept notes as written, seconded by Mr. Dillinger; no further discussion; motion carried.

APPROVAL OF REVISIONS TO BOARD POLICY FOR INVESTMENTS OF JWB FUNDS

Mrs. Walterick: JWB has taken a look at the investment policy and compared it with that of Pinellas County. The review began last spring when JWB revisited its diversification.

Ms. Sahulka: Historically, we periodically update and generally follow what Pinellas County does because of their robust Finance Department; we also tend to follow their recommendations.

Mr. McCabe: His recollection of the audit was that our investment strategies were sound.

Mr. Dillinger: Thought we had too much invested at one bank.

Ms. Sahulka: That was one issue, and some of the changes reflect how we have been investing historically. Although we are not changing the current option to invest in certain instruments, we are changing the percentages.

Mrs. Lancaster: Our policies have not been updated to reflect any of these additional elements.

Mr. McCabe: At the last audit they did not criticize our investment policies and they said they were sound. Why do we want to change?

Ms. Sahulka: There are some changes we want to make in percentages, based on actual historical investing. The other piece is there are some clarity edits, to enable the reader to understand the policies.

Mrs. Walterick: When tax dollars come in they are deposited in a money market account. At this point in time, the portfolio composition has a different percentage; we are concerned that auditors would come back and take a look, because the money sits there until we can diversify it out into the other accounts. We have to check all the percentages and make sure we are not too high in one category.

Mr. McCabe: So the current practice can sometimes actually end up in a violation of current policy?

Ms. Sahulka: For a very short period of time it can, but it could be enough of an issue that we could be held responsible for it. Rather than taking that chance we would prefer the policies reflect what we do.

Mr. Dillinger: We had talked about Florida Safe, Pinellas County, and Regions Bank. The percentages didn’t match our policies and there was way too much money in one place. So where is our money now?

Mrs. Walterick: Currently we have it diversified in Regions in a Money Market Fund, Florida Local Government Investment Trust (FLGIT), with some left in Florida Prime which is the SBA, plus BB&T houses a money market account for us. We are diversified but we want to make sure our concentrations are correct for the portfolio composition. The “risk and diversification” item we previously addressed was diversifying it into four entities back in the spring. Mrs. Walterick asked the Committee if they wanted a minimum number of entities, or leave as is, stating the Finance Committee will periodically meet and make a decision.

Ms. Sahulka: The policies were not really clear about that. It is a debatable item about whether the policies ever intended that we had to be invested in multiple entities, or whether the entities that we were investing in had multiple accounts. That is something we want to make sure we have clarified, as well as the number of entities in which the funds are invested.

Mr. Dillinger: Safety should be the number one consideration.

Mr. McCabe: Safety is very important. If you want to make more you have to risk more, he felt some percentage should be in the SBA.

Ms. Sahulka: We have more money, but with the interest rates we are bringing in less. Ben Bernanke is indicating continued low interest rates, which will impact our interest income for a few years.

Mr. McCabe: How often do we track what the SBA account is doing?

Ms. Sahulka: Monthly.

Mr. McCabe: If it looks like it was sliding down can we pull it out?

Ms. Sahulka: Yes, that is one of the advantages of the SBA.

Mrs. Lancaster: We are trying to be responsive to the Board's concerns about safety. Until the financial picture is better, we want to be as safe as possible.

Dr. Duffy: Are these insured?

Ms. Sahulka: None of these are insured, beyond the State of Florida's ability to fund it should any issues come up, but not FDIC insured.

Mr. Dillinger. If Fund A is doing so well, why haven't they done something with Fund B to get our money back?

Ms. Sahulka: They are assuring governments they will get the principal back; by using the interest income from those accounts and by paying back a little bit at a time.

Mr. McCabe: They had actual securities in that account that became devalued significantly, and the hope is they will eventually bounce back and they can sell them.

Ms. Walterick: They are returning approximately $5,000 - $6,000 a month to JWB.

Mr. McCabe asked for a summary of the percentages.

Mrs. Walterick: The only changes we are looking for specifically are for the Treasury and Money Market Funds to be changed from 100% to 75% and the Savings Accounts/Demand Deposits/CD's to be increased from 25% to 100%. The biggest concern is the initial receipt of tax dollars into the latter three types of accounts before the ability to move them out to an investment.

Mr. Dillinger: On these CDs, how quickly can you access the money without penalty or forfeiture?

Mrs. Walterick: It depends on the type of CDs. Unless we purchased a lot of CDs and did it over a longer period of time, it isn't worth it. The CDs, time deposits and regular banks accounts all would be together o equal 100%. If you ladder CDs, then you have them coming open and due so that you don't get caught having to withdraw the money at a penalty.

Ms. Sahulka: The Board also has a policy restriction on investing two years out.

Mr. McCabe asked about Repurchase Agreements and Commercial Paper

Mrs. Walterick: We would need to get an Investment Advisor to give us more guidance. To have that in the policy allows you the opportunity in the future.

Mr. Dillinger: What was the County doing?

Mrs. Lancaster: They have multiple-year investments and can gain a little bit more interest. The County has a five year window.

Ms. Sahulka: We don't have a large enough fund balance to think about five years.

Mrs. Lancaster: We had an obligation to Mr. Dillinger to research what the County does; the decision is up to this Committee.

Mrs. Walterick: As long as the policy is in place, you have the option to do something, and if you want the two years we are fine with that.

Mr. McCabe: I'm comfortable with Florida Safe, as long as you are getting a monthly analysis of where the rates are headed and if they are widely diversified.

Mr. Dillinger: We still haven't answered your question of the number of entities or multiple accounts within one entity.

Mrs. Walterick: We can leave it as is and make that decision every time we meet, or you can specifically state that we want at least three entities.

Mr. McCabe: I wouldn't go any more than that.

Mr. Dillinger: We have four now; did we adopt a maximum percentage in any one entity?

Mrs. Walterick: We did not.

Mr. McCabe: If you can put 100% in something, you would have to have three of the same things, just different names.

Ms. Sahulka: When the Investment Advisors read the policies, they read it a different way, which was entities, and if that is what the Board wanted; we would have to rewrite the policies.

Mr. McCabe: Use your own judgment on where you put it within each entity.

Mrs. Lancaster: We are trying to keep our auditors happy, and we are engaging in the periodic review they believe is important. We want you comfortable with a framework that has certain parameters, that also gives us the ability to move things around, knowing that we need liquidity. It seems like a lot of language, but we are striving for clarity that speaks to that critical flexibility. If we have failed to do that, I'd rather we go back to the drawing board and let you see the County policies first.

Mrs. Walterick: When we sought a diversification among investments, the percentages really stood out. It was brought to our attention by various investment advisers that we needed to make sure we were in compliance with our policies.

Mr. Dillinger: Could we have a policy that gives no more than three or four, and then determine a maximum % in each: no fewer than three and you move it around and not 100% in any?

Mrs. Lancaster: Given the better performance of the SBA, are you okay raising the % with them?

Mr. McCabe: What level of risk do the investment experts assign to the SBA fund at this time?

Ms. Sahulka: I would call the County and ask them and do the research.

Mrs. Minkoff: How long will research take?

Ms. Sahulka: Tomorrow.

Mrs. Lancaster: If you are comfortable that we propose decent parameters and have added clarity, before we move money, we will do the research and we will let you know what we recommend.

Mr. McCabe: After we pass this policy, I don't think you need to check with us every time.

Mrs. Lancaster: Monthly reporting should be able to make it clear.

Mr. Dillinger: A minimum of three entities and no more than two years out.

Mr. McCabe: We would look at the monthly report, and need to add the "minimum of three entities".

Mrs. Minkoff: In terms of our auditors, have they looked at the potential revisions?

Mrs. Walterick: I haven't done that but I can. The auditors will look at portfolio composition and diversification.

Mrs. Lancaster: The urgency is to have the policy active within the current fiscal year.

ACTION: Mr. Dillinger moved to accept the recommended changes, with the addition of the three entity requirement, in the appropriate place in the policy; seconded by Mrs. Edmonds, no further discussion; motion carried.

Mrs. Lancaster asked for permission to amend the Agenda because an item was missed when we revised the policies before, relative to accreditation of agencies: we say in our funding criteria that agencies which receive more than $25,000 must be accredited, however the Board removed the requirement for ASSET certification and there hasn't been sufficient time for agencies to achieve national accreditation. We would like to add the language referenced below:

B. Funding Criteria

Funding requests over $25,000 may only be approved through the Board's formal Agenda

1. ***In order to qualify as a recipient of JWB funds on an annual basis an agency must:***

e. Have a national accreditation (COA, CARF, or JACHO) and be in good standing.

Staff is recommending the following technical correction to replace 1. e. above:

e. Have or be actively pursuing accreditation through the appropriate national accrediting body or, in absence of an appropriate accreditation body, meet the highest professional standards established through their specific discipline. Documentation of accreditation status or current progress shall be provided annually as an Exhibit to the JWB Contract. A membership designation does not qualify as an accreditation.

Mr. Dillinger: Who determines if they meet highest professional standards? Do we have an agency that is not accredited and they say they meet those high professional standards and they want to get funded?

Mr. McCabe: Are there agencies that do something that you can't get an accreditation for?

Mrs. Lancaster: Yes, we are saying that, within their profession, there are standards that agencies are expected to meet, in absence of an appropriate accredited body, known among the profession at state and national levels.

National accreditation is what speaks to the community, however, and we are going through the process now to be accredited by COA.

ACTION: Mr. McCabe moved to approve as amended; seconded by Mrs. Edmonds; no further discussion; motion carried.

Mrs. Lancaster passed out an item which was an acknowledgement from Sanderlin that they are getting their financial house in order, and are going to establish a means to pay back those entities they owe. Although we need this letter for our records, the money JWB manages for them is fine; every JWB dollar is accounted for. Sanderlin is essentially saying that something happened, a credit line was used, documents were forged and they are making a plan to pay their debts.

Mr. McCabe moved to adjourn at 5:44 PM.

Notes respectfully submitted by Joan Chamo, Executive Assistant

10/25/12