

CareerSource Escarosa

BOARD OF DIRECTORS MEETING MAY 17, 2018 MINUTES

Members Present: Steve Rhodes (Chairperson), Sharon Pitts (Treasurer), Jade Kelly (Secretary), Donald Alveshire, Dana Mullins, and Michelle Taylor

Ex-Officio Member Present: Sheila Fitzgerald (via teleconference)

Members Participating via Teleconference: Michelle Kaufman, Kristine Rushing, and Tina Stewart

Members Not Present: Russell Branch, Kathaleen Cole, Mark Lewellyn, Katrina Simpkins, and Erin Spicer

Others Present: Phyllis Curl – Children’s Home Society, George Banks and Daniel Wagon – Structure, Sheryl Rehberg, Naeemah Frazier, and Janay Sims – CareerSource Escarosa

Mr. Rhodes called the meeting to order at 3:36 p.m., at the Pensacola Career Center (3670 N. L Street, Pensacola, FL).

CALL FOR PUBLIC COMMENT

No public comments were noted.

APPROVAL OF MINUTES – MARCH 15, 2018

The March 15, 2018 minutes were made available for review by the Board.

Action Taken: Motion by Sharon Pitts, and seconded by Michelle Kaufman to approve the March 15, 2018 Board of Directors meeting minutes. Motion carried.

READING OF PUBLIC DISCLOSURES

No public disclosures were noted.

ACTION ITEMS FOR CONSIDERATION

FINANCIAL EXPENDITURE REPORT

Sharon Pitts presented the financial expenditure report.

The Summary of Expenditures and related reports was made available to the Board.

Ms. Pitts reported the Summary of Expenditures indicates being ahead of expectation of performance within the budget (75% through the fiscal year and a 52.7% expenditure rate of allocations). Some programs are expended as expected and some are below.

All administrative and indirect rates are within rate allowance. Other required rates are within required guidelines. It was noted the actual administrative rate is calculated using the applied Indirect Costs divided by total costs. This is the rate allowed by the grant.

The service provider contract report indicates all three service providers meeting contract performance. Next year's contract amounts will change due to the number of students served through Children's Home Society (CHS). Their percentage of students verses the amount of dollars per student is great. Some of CHS's dollars will be re-allocated to other provider(s). All parties are aware of the re-allocation.

Naeemah Frazier, CareerSource Escarosa CFO, reported on the adjustments made to the approved budget for FY 2017-2018. Adjustments were made recently after the budget was approved, as last year's budget included Wagner Peyser, DVOP, and LVER staffing costs rather than just the pass-through funds allocated to CSE, resulting in mistaken total amount. Adjustments were made to back out those numbers and allow for an accurate picture of funds available. In addition, CSE was awarded additional grant dollars since the budget had been approved and those amounts are listed and are tied into the Summary of Expenditures report.

Michelle Taylor expressed thanks to Ms. Rehberg for reconsidering making a re-allocation to the Escambia County School District (ECSD) WIOA youth contract. The ECSD has a 3-year contract with CSE, and initially erred in their calculation and was severely penalized financially. As a point of clarification, Dr. Taylor noted that ECSD had already submitted their budget for FY 2018-2019, and asked if the re-allocation is to be made to the contract amount for FY 2018-2019 or the next three years.

Ms. Rehberg stated no change was made to the contract amount for ECSD for FY 2018-2019, but change was made to CHS's contract amount. Some of that went to the Santa Rosa County School District (SRCSD), as they were over-performing and getting a lot of results – serving more than their agreement requirement, spending a lot more of their dollars on work experience. The remaining is being retained in operations to cover costs of staff engagement with the Providers.

Dr. Taylor requested a presentation at the next board meeting on those results and how the decision was made to re-allocate additional dollars to SRCSD. She questioned the nature which a smaller county would receive even more dollars than the larger county.

Ms. Rehberg stated based on performance, the final decision has been made to cut CHS's budget in half. Staff will be watching this. In the next RFP for the following years, performance is what we will be looking for - more dollars being spent in getting youth into real life work experience, completing their high school GED, getting some work experience and getting into jobs or post-secondary education.

Dr. Taylor made inquiry regarding the contract amounts being an item to be voted on by the board – it being within the board's authority for approval. She stated with their 3-year contract for two years they have to re-execute it, and this year they did not. CSE gave them a budget and asked them to submit it for the new contract year. Ms. Rehberg noted the contracts are in the process of completion. Dr. Taylor also asked if these contracts will come before the board for approval, at what meeting/agenda, and the actual fiscal year. It was noted the contracts will be voted on at the July board meeting, for fiscal year 2018-2019. Dr. Taylor noted the ECSD Board would have to approve the contract after the contract begin and expressed concern regarding the funding amount. Ms. Rehberg noted receiving our allocations just this week and possibly still seeing a change in the allocation. The CFO has started on the budget.

For clarification, Mr. Rhodes requested Ms. Rehberg and Ms. Frazier go back and review what was actually voted on in regard to the WIOA youth contracts allocations (voted on by the board as set by an amount or voted and agreed to the allocation within the full budget).

In regard to re-allocations of dollars to SRCSD, Mr. Rhodes stated the dollars were redistributed based on the dollars per student and outcomes of the program. He requested all three organizations present information in this regard to the board. This will allow the board to make a fair decision. Dr. Taylor requested a uniform structure be given to all organizations for their presentation.

Action Taken: Motion by Jade Kelly and seconded by Michelle Taylor to accept the Financial Statements and related summaries/reports for the period ended March 31, 2018. Motion carried.

RELOCATION DISCUSSION

Multiple conversations have transpired regarding challenges CSE faces in its current facility. CSE has engaged the owner of the building regarding our interest to relocate due to functionality of the building and numerous other issues. There's language that is required in our state contracts regarding federal and state funding that does not exist in our current contract. The clause required allows the organization to vacate the lease based on funding reductions, which has been experienced over the past few years, to include this year. CSE has made a request to the building owner to allow us to vacate the lease in good faith and they have expressed no desire to do so at this point.

The Executive Committee has request Ms. Rehberg to research options in this regard, and conversation has transpired with our attorney of possible options. We are now faced with having to decide as a board regarding this matter.

Ms. Rehberg was asked to present numbers in terms of what we currently face and the challenges and potential options for moving forward in terms of: a lease amount, space utilized, other space, other potential lease amounts, and dollar savings that we can realize for the organization strictly to the benefit of our customers and job seekers.

Ms. Rehberg stated our purpose is to deliver the most excellent service we can with our job seekers. Everybody who comes through our door is a job seeker whether they are on public assistance, disabled, or ready to go to work with resume in hand. We are currently unable to transition to a customer flow that meets our goal of treating everybody with the same service by the same staff and standard. We've exhausted every possible way to reconfigure and make one entry for all customers in our current location. We are divided and siloed by programs due to the layout of the building. Our current lease space is over 29,000 sq. ft. and we are paying for some unusable space - \$39,000+ per month is an extreme amount for a lease. Through a process with Structure, we have discovered that we can probably reduce the square footage we need down to 17,000-19,000 sq. ft.

Mr. Rhodes stated that Structure representatives Daniel Wagnon and George Banks will present data which is to help drive a decision. He expressed the importance for the board to understand and request the board's attention to this issue. Should the board move forward with this process/venture regarding vacating the lease there is the potential that the decision may not be found in our favor, as the required clause does not exist in the current lease. Information has been received from some very reliable sources, our legal counsel and individuals at the state level. Is it believed that we have a very good case in successfully vacating this lease, entering a new one, and realizing the savings to benefit the

people we serve. After the presentation, the board can have discussion around it and decide on how to move forward. The Executive Committee has had discussions on this at great lengths, and felt like this is something worth pursuing, but not making that decision at the Executive Committee level. Therefore, it was moved to the full board for a decision on how to proceed considering there is a potential financial impact if we are not successful if challenged when vacating the lease. Representatives from Structure were asked to share with the board a little bit about what they do regarding helping us with matters such as this.

Structure presentation included an analysis on space and budget, data relating to job applicants/seeker, locations, and timelines.

After the presentation, Mr. Rhodes put the question before the board - do we continue the pursuit of another location at this point at time? Based on the conversation with the Executive Committee, we are prepared to move forward with relocation to a facility that's more functional and better suits our budget. The process regarding the current lease and owner/landlord is unforeseen at this point. We cannot determine how that will unfold, but be aware that we have had conversations that were not receptive to letting us out of the lease based on discussion around the required language. We have been advised by our real estate attorney and he feels there is a very solid case in favor of our position. We have also received feedback from the state level, CareerSource Florida's CFO, who is familiar with these requirements. Ms. Rehberg has been asked, to the best of her ability, to acquire a legal opinion at their level and their thoughts on this matter.

Mr. Rhodes asked for the pleasure of the board regarding moving forward to pursue and enter into an agreement for a new space for CSE. Inquiry was made regarding worst case scenario – being responsible for the lease through 2020, where would the dollars come from to support the lease and is there discretionary funding available.

Mr. Rhodes suggested tabling the item until the next meeting, as this will give Ms. Rehberg time to gather information on worst case scenarios. In further discussion it was noted that CSE is engaged in research and exploring possibilities. Once we receive the information a decision can be made at that point. This will put us in a better position in knowing where we are budget-wise during this timeframe and determining the source for funds.

Mr. Rhodes noted two things regarding putting this off or pushing it down the road farther, 1) the functionality issue and the perception of the occupants of the building regarding staff and how they feel about their ability to be more effective in their efforts, and 2) some properties we are currently looking at may not be available further down the road.

Action Taken: Motion by Dana Mullins, and seconded by Dr. Taylor to continue with the research on a potential location, however long it takes to find a location, and then consider our options at that point. Motion carried.

Mr. Rhodes asked Structure, within the context of the discussion and the motion, if they could operate effectively regarding our needs, and Structure confirmed that they could. He also asked Ms. Rehberg to put together potential impact result options regarding how programs are affected if in fact we pursue moving forward in breaking our current lease.

BOARD/EXECUTIVE COMMITTEE MEETING VACANCY

Gretchen Clarke has resigned her position as Vice-Chairperson and member on the CSE Board. The Executive Committee has asked that Dana Mullins consider another board term, as well as serve in the capacity of Secretary on the board and she agreed. With that in mind, we are required to do an annual review of the by-laws. Mr. Rhodes suggested to establish a By-Laws review committee that will meet within the next two months and bring back recommendations of potential changes. One recommendation by Ms. Rehberg, and the Executive Committee agrees, is to restructure the Executive Committee; therefore, to fill the secretary vacancy was tabled. Restructure of the Executive Committee would include: the chairman, vice-chairman, combining the Secretary and Treasurer position into one position, and for continuity include the immediate past chairperson, and a member at large. An ad hoc committee (Jade Kelly, Chairperson, Michelle Taylor, and Dana Mullins) was identified to review the By-Laws and bring back recommendations to the July Board meeting.

INFORMATION ITEMS

90-DAY PERFORMANCE ASSESSMENT OF CEO

The Executive Committee conducted a 120-day performance assessment on the Chief Executive Officer (Sheryl Rehberg). Copies of the results of the assessment was made available to the Board.

DAILY JOB PLACEMENT REPORT (MONTH OF MAY)

The Daily Job Placement report was made available to the Board. It was noted the rankings continue to fluctuate.

Director's Report

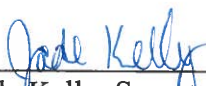
Ms. Rehberg noted the following:

- the state has requested CSE to serve as the fiscal agent for Gateway PALS program.
- Program Year 2018-2019 budget allocations indicates a reduction in the WIOA program by \$98,000.00.

OTHER BUSINESS

Michelle Taylor informed of grant dollars awarded to the Escambia County School District.

There being no further business, the meeting adjourned.



Jade Kelly, Secretary
CareerSource Escarosa