



Broward Workforce Development Board
Audit Committee
Thursday, August 1, 2024
12:30 p.m. – 1:30 p.m.

Zoom Meeting ID: 872 4907 0013
Zoom Password: 908598
Zoom Call-In: 1 646 876 9923

MEETING MINUTES

CareerSource Broward Main Conference Room

2890 West Cypress Creek Road, Ft. Lauderdale, FL 33309

The Committee is reminded of conflict-of-interest provisions. In declaring a conflict, please refrain from voting or discussion and declare the following information: 1) your name and position on the Board, 2) the nature of the conflict and 3) who will gain or lose as a result of the conflict. Please also fill out form 8B prior to the meeting.

ATTENDEES IN-PERSON: Keith Costello, Bob Swindell, Frank Horkey and Zac Cassidy who chaired the meeting.

ATTENDEES VIA ZOOM: Heiko Dobrikow and Dr. Ben Chen.

STAFF: Carol Hylton, Rochelle Daniels, Mark Klincewicz, Kaminnie Kangal and Moya Brathwaite.

APPROVAL OF MINUTES

Approval of the Minutes of the 6/10 combined Executive and Audit Committee meeting.

On a motion made by Heiko Dobrikow and seconded by Keith Costello the Audit Committee unanimously approved the minutes of the meeting.

NEW BUSINESS

1. Renewal of the Contract for Audit Services with Anthony Brunson, P.A

Considered approval of the renewal of the contract between CSBD and Anthony Brunson P.A. with Watson Rice serving as the engagement partner for conduct of the CSBD fiscal year 23/24 organization-wide audit in the amount of \$34,000, the same rate as last year. This is the 1st of 4 one-year renewals under their contract.

On a motion made by Frank Horkey and seconded by Keith Costello the Audit Committee unanimously approved recommending renewal of the contract for Audit Services with Anthony Brunson, P.A.

2. Renewal of the Contract with Taylor Hall Miller Parker, P.A. (THMP) for Program Monitoring Services

Considered approval of the renewal of the contract between CSBD and THMP for conduct of Program Year 24/25 program monitoring in the amount of \$81,000, or \$27,000 a visit for 3 visits at the same rate as last year. This is the 2nd of up to 4 one-year renewals under their contract.

On a motion made by Heiko Dobrikow and seconded by Frank Horkey the Audit Committee unanimously approved recommending renewal of the contract with Taylor Hall Miller Parker, P.A. (THMP) for Program Monitoring Services.

3. Renewal of the Contract with Cherry Bekaert (CB) for Fiscal Monitoring Services

Considered approval of the renewal of the contract between CSBD and CB for conduct of Program Year 24/25 fiscal monitoring in the amount of \$73,800, or \$24,600 per visit for 3 visits. This is an increase of \$300 over last year. This is the 2nd of up to 4 one-year renewals under their contract.

On a motion made by Frank Horkey and seconded by Heiko Dobrikow the Audit Committee unanimously approved renewal of the contract with Cherry Bekaert for Fiscal Monitoring Services.

4. Central One Stop Lease

The CSBD Central One Stop Career Center is part of a complex of 7 state owned buildings. CSBD occupies 4 of the buildings. The State has recently informed us that they are exploring the sale of all the buildings and have received preliminary estimates on the sale price. The State has indicated a willingness to work with us on either a purchase or a long-term lease for the 2 buildings located on the west end of the property. CSBD is currently housed in the center of the property. The move would then leave a connected tract for the State to put on the open market for sale. Staff asked the committee to discuss options for moving forward.

Carol Hylton brought the Committee up to date reminding them that the State originally intended to sell the entire complex of 7 buildings on Oakland Park Blvd., which houses the Central One-Stop Career Center. After discussions with the State's representatives and consideration of the length of time CSBD has been located in that location, the State has indicated that they are amendable to CSBD moving to the two far west buildings; 2660 and 2680, Oakland Park Blvd., leaving the remainder of the complex available for sale.

Ms. Hylton summarized that the 2 issues facing the Committee are 1) whether we should purchase the 2 buildings or 2) continue with an open lease with the state. Under our lease we pay \$13.98 per square foot for rent. Ms. Hylton added that the State is in the process of replacing the roof on the 2660 building. They recently replaced the roof on the 2680 building. As a lessee, CSBD is not responsible for material property repairs, such as the HVAC, and the roof. The State pays repairs as needed. The State also does not increase the rent annually.

The memo provides additional information, such as the last AC Unit replacement, the age of the buildings, and the market value of the property. Ms. Hylton asked the Committee if there were any questions.

Frank Horkey asked if we would have the same type of lease going forward, whereby the landlord was responsible for any major building repairs.

Carol Hylton responded yes.

Mr. Horkey then asked if the open-ended lease means that CSBD can move out when desired, but the State could not evict us.

Rochelle Daniels replied that the State could say they no longer wish to maintain the buildings at any time, however at this time the state intends to house some State staff in the building, Ms. Daniels added that the Central One-Stop is located in one of the most distressed zip codes and the State has agreed to allow us to move to the two buildings on the west side of the property and have no desire to evict us.

Mr. Horkey asked if it would be possible to ask the State for the right of first refusal to purchase the property if the State decided to sell the buildings.

Ms. Daniels said we could ask.

Ms. Hylton then went on to say that we would have to retrofit the space to meet our needs.

Mr. Horkey wanted to know if the space reconfiguration would be a capital expense and whether the State would pay. Ms. Hylton answered that we could ask. He then asked if the buildings were two-story buildings.

Ms. Hylton replied that the smaller building is a single story. The second building is a two-story building. Ms. Hylton added that we first requested the use of both floors. State staff currently occupy the second floor of the two-story building, however if we can only get the first floor, we will make it work for us.

Keith Costello asked if the square footage of the two buildings under consideration is the same as that of our current occupied space.

Ms. Hylton replied, we currently have more square footage. We would move from approximately 32,359 sq. feet to 23,458 sq. feet

Mr. Horkey questioned if we would have enough space if State staff remained.

Ms. Hylton replied that we would as we now have in person and some virtual services. The state also indicated we could share the lunch room with them.

Ms. Daniels added that two substantial training rooms are on the second floor, which might be available to us when they are not being used by State staff.

Mr. Cassidy asked what the purpose was for the single-story building.

Ms. Hylton stated the building would be used as the one-stop resource room, and since the two buildings are attached, we could open a connecting space for overflow.

Ms. Daniels added that the west-end site offered better parking than what we have currently.

Mr. Horkey asked if we wanted to lease the buildings instead of purchasing and if we have the money for a space planner.

Heiko Dobrikow said added that based on the current interest rate it is not the best time to purchase. Mr. Dobrikow agreed with Mr. Horkey that leasing with a purchase option would be a good choice as building maintenance and capital investments would be the State's responsibility as the landlord.

Ms. Hylton informed Mr. Dobrikow that the square footage calculations on the appraisals are correct.

Dr. Ben Chen said that if we wanted to purchase, we would need a bank or mortgage company to help us. He added that we would also need to determine the amount to be mortgaged based on what we can afford. We might also want to get an equity loan on the Administrative Building. Dr. Chen stated that we should look at the long-term potential of the area especially if we can purchase the entire plot, we may be able to redevelop the area. Dr. Chen said he would like staff to further research purchase options for the entire property and come back to the committee for a more informed discussion.

Ms. Hylton asked Dr. Chen for clarification on whether he wanted additional information on the two buildings under discussion or the entire property of seven buildings.

Dr. Chen responded that he would like us to purchase the seven buildings and redevelop it, probably with affordable housing.

Ms. Hylton stated that at her meeting with the State it was clear. They are offering us the opportunity to relocate to the two west buildings, and they plan for the future sale of the rest of the property. Ms. Hylton added that the State indicated they would consider an investor's offer to purchase the property for other uses once the property is on the market.

Mr. Horkey asked the Chair if he could ask Dr. Chen a question.

Mr. Cassidy said he could.

Mr. Horkey asked Dr. Chen if he wanted us to evaluate the purchase of the entire property, and as a second step, include that option in our lease.

Dr. Chen responded that we should at least consider purchasing the two buildings the State is proposing we lease. He added that purchasing the entire property was beyond our financial capabilities, unless there was a developer or someone who wanted to partner with us.

Mr. Horkey stated that we should focus on leasing the two buildings first, including the right of first refusal if we wish to purchase in the future. He added that based on our reserves, we do not have the financial capability to buy at this time.

Ms. Daniels reminded the Committee that we have addressed the purchase of the property with the State several times and it is clear they want to put the property on the market for sale at their convenience. Ms. Daniels added that the State reconsidered asking us to leave the location and instead offered us the option to relocate to the two west buildings. She further stated that at this time we do not have the funds to purchase the buildings and if we did we could not use the grant funds for capital improvements to the property.

Ms. Hylton added that Rochelle reviewed current rates for a sixteen-year mortgage, which is the term we have on the Administrative Building's loan. Renting would cost \$327,000 annually, and purchasing the buildings would cost us \$535,000 annually if we could get a 16 year mortgage with only a \$700,000 down payment. Ms. Hylton also said that high unemployment rates result in higher funding,

Mr. Costello said he admired that we were considering all of the options and opportunities, but the focus should be on the mission of the organization and how to best utilize the space efficiently and effectively to serve the community long-term. He added that as Mr. Horkey suggested renting with the option to buy or with the right of first refusal would be a great position for us.

Ms. Daniels stated that renting the two buildings at a cost of \$327,000 is a lot less than the mortgage payment would be and we would not be responsible for building maintenance. Today the commercial real estate market is very different, we could not get the same terms now that we got for the Administrative building and we would not be able to justify the cost of purchasing the property at the expense of serving participants.

Mr. Horkey said a decision to purchase the buildings is a longer-term project than we need to handle now. Mr. Horkey said that we can negotiate with the State for an open-ended lease with the right of first refusal on the two buildings. Then, we can evaluate the purchase opportunity at a later date when we have enough money for a down payment.

Mr. Swindell asked whether we were moving from our current space regardless. Ms. Hylton replied yes, that the State wanted us to move from the middle buildings in the complex so they could sell the other buildings.

Mr. Swindell inquired if that was acceptable to staff.

Ms. Hylton confirmed that it was.

Mr. Swindell said if relocation to the end building was acceptable to staff and the State, we should consider the move. We can consider purchasing when rates come down. Mr. Swindell asked if the State was helping with the financial cost of the move and reconfiguration of the space.

Ms. Hylton responded that when a final decision is made, we would contact the State to negotiate the details of the relocation and that we could use some of our formula funds to prepare the space.

Mr. Horkey stated we should ask for whatever best protects us during the negotiation. He asked that we negotiate with the State for an open-ended lease with the option to purchase.

Mr. Dobrikow asked for the motion to be restated for clarification.

Mr. Cassidy stated that the motion was for was to 1) negotiate with the state for an open-ended lease 2) with an option to purchase and a right of first refusal, if possible.

On the motion made by Frank Horkey and seconded by Heiko Dobrikow the Audit Committee unanimously approved moving forward and negotiate with the State for an open-ended lease, with an option to purchase and a right of first refusal, if possible.

Mr. Dobrikow added, for the long-term plan to eventually purchase the buildings, we should begin to save the difference between the annual rental amount and the annual amount of the potential mortgage to build up our reserves.

Ms. Hylton said that the Ticket to Work program provides residual funds we could use, but there has been a decrease in these funds because of the low unemployment rates.

Mr. Horkey agreed with Mr. Dobrikow funds should be added to the reserves whenever we can.

Ms. Daniels explained that our current mortgage began in 2016 and is a 16-year mortgage. Once the mortgage is paid in full, we will have approximately \$1m in the General Fund from depreciation, which could go toward the purchase of the two buildings.

Mr. Horkey asked if there were funds available to hire a consultant space planner.

Ms. Hylton replied we currently have the funds to hire a space planner.

Mr. Cassidy said it is also possible that we may receive renovation assistance from the State or from the County.

Mr. Horkey asked when we anticipate moving.

Ms. Hylton responded that she informed Matt Swanson the COO at FloridaCommerce, we would contact him with our decision after our Committee and Board meetings. Ms. Hylton said she would like to complete the relocation before the end of program year, June 30, 2025.

Mr. Cassidy asked if there were any additional questions regard the Central One Stop.

There were none.

Mr. Horkey commended the staff for their work.

REPORTS

1. General Fund Balance

As of 4/30/2024, we reported that the General Fund balance was \$1,197,452. From 5/1/24 through 6/30/24, we realized revenues of \$104,980 and incurred expenditures of \$23,527. The General Fund balance as of 6/30/24 is \$1,278,905. Of this amount \$544,601 is held in reserve leaving a balance of \$734,304.

Mr. Cassidy presented the report, and asked if there were any questions or further discussion.

There were no further questions or discussion.

2. Budget vs. Actual Expenditure Report

Pursuant to Board request throughout the year we provide reports on Budget vs Actual expenditures. Each year we budget to spend 100% of our grants. CSBD receives some of its funds based on its program year which is 7/1 – 6/30 and some of its funds based on the federal fiscal year 10/1 – 9/30 which is also the CSBD fiscal year. Detailed below is the Budget vs. Actual Expenditure Report. While Wagner Peyser, and Veterans' expenditures appear low, we have plans which will result in expending the funds.

Mr. Cassidy presented the report, and asked if there were any questions.

Mr. Dobrikow asked if the unspent \$2.9 million across all the funding streams would be transferred to the next year.

Ms. Hylton responded that the WTP funds usually expire at the end of the program year. The State extended the period to the end of August and per Board direction we have spent 100% of those funds on the summer program. All of the WIOA Adult, DW, and Youth unspent funds can be carried forward. Wagner Peyser will expire in September, and we anticipate expending all the funds. The Veterans' funds, which are pass-through funds, have been approved for use toward Veteran job fair expenses. We anticipate expending all the SNAP funds.

Mr. Cassidy asked if there were any additional questions. There were none.

3. Taylor Hall Miller Parker, (THMP) P.A. Program Monitoring - Report #2 Issued 3/24

THMP conducted program monitoring for the period 11/17/23 through 3/14/24. They reviewed a total of 179 files consisting of 6,432 elements. There were 5 findings and 9 observations. This equates to an error rate of .08%, or less than 1%. All findings and observations were corrected except where cases were closed and no further action could be taken.

Mr. Cassidy presented the report, and asked if there were any questions.

Mr. Swindell asked how this audit compared to the same period last year.

Ms. Hylton said there is a chart with the memo that shows the audit results over time, back to 2011. Long ago there were sixty-seven findings and now are at less than 1%.

Mr. Horkey added that for the last two year we are at less than 1%, which is essentially perfect.

MATTERS FROM THE AUDIT COMMITTEE CHAIR

Mr. Cassidy thanked everyone for attending and for allowing him to chair the committee.

MATTERS FROM THE FLOOR

None

MATTERS FROM THE PRESIDENT/CEO

Ms. Hylton said she met with one of the CareerSource Florida board members who lives in Tallahassee and came down to tour our centers she was so impressed she offered to provide any assistance we may need.

She also reported that we are finalizing the Board-approved Marine, Manufacturing, IT, and Healthcare videos, which we will share with our partners.

Ms. Hylton also told the Committee that with the assistance of Commissioner Ryan the Amerant Bank Arena has agreed to waive the rental fee for the WOW event.

Ms. Hylton said that the SYEP is ending. We placed 1,300 youth in jobs this program year. We were ready to start the employability skill training when we had the record-breaking floods which interfered with our ability to deliver the employability skills training. While Mark and the IT Team created a virtual platform for the youth to complete the training it was not as effective as the live training we usually deliver. We also partnered with the Museum of Discovery and Science, where we provided the wages for youth participating in a STEM Grant.

Mr. Cassidy asked if there were any questions for our President. There were none.

ADJOURNMENT - 1:45 p.m.

THE NEXT AUDIT COMMITTEE MEETING IS TBD.