


June 2, 2020

MEMORANDUM

TO: Florida State College at Jacksonville  
District Board of Trustees

FROM: John Avendano, Ph.D.  
College President 

RE: June 2020 Board Agenda

Enclosed please find materials in support of the June 9, 2020, Board meeting.

All meetings of the Board will be hosted by the College via teleconference.

The Board Workshop on the topics listed below will convene from noon – 1 p.m. The regular Board meeting will begin at 1 p.m.

- Discussion of Board Self-Evaluation
- College President Performance Evaluation Discussion
- FSCJ Foundation Visionary Plan Presentation

Should you have any questions, or if you are unable to attend the meetings by way of remote access, please let me know.

**Florida State College at Jacksonville**  
**District Board of Trustees**  
**Regular Meeting**  
**A G E N D A**  
**June 9, 2020 – 1 p.m.**  
**Teleconference | Conference Call 1-800-231-0316**

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**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

**COMMENTS BY THE PUBLIC**

The District Board of Trustees welcomes comments before the Board relating to matters under the Board's consideration during today's meeting. Please note that consideration of the Action Items will also constitute a public hearing under the Administrative Procedures Act. Any comments regarding the revised Board Rule under consideration today, should also be made at this time. Those who wish to address the Board are required to complete a Public Comment Request form\* prior to the meeting. Requestors will be called upon by the Board Chair. Comments are limited to three minutes per person, and the Board is not required to respond.

**MINUTES OF THE APRIL 14, 2020, DISTRICT BOARD OF TRUSTEES FINANCE & AUDIT COMMITTEE QUARTERLY MEETING (p. 345-347)**

**MINUTES OF THE APRIL 14, 2020, DISTRICT BOARD OF TRUSTEES REGULAR MEETING (p. 348-359)**

**REPORT OF THE COLLEGE PRESIDENT**

**CONSENT AGENDA**

Trustees may remove any item from the Consent Agenda for individual consideration under Action Items.

1. Administration: Comprehensive Safety Review for 2019-20 (p. 360)
2. Human Resources: Direct Support Organizational Personnel (p. 361)
3. Purchasing: Annual Contract Extensions (p. 362-363)
4. Finance: Delinquent Accounts (p. 364)
5. Finance: Financial Statements Audit Report for Fiscal Year Ended June 30, 2019 (p. 365)

**ACTION ITEMS**

1. Approval of Consent Agenda (p. 366)
2. Administrative Procedure Act – Board Rules, Section 1 – General Provisions, Definitions and Governance (p. 367-368)
3. Administration: Annual Salary Index (p. 369-370)
4. Human Resources: Award of Continuing Contracts (p. 371)
5. Human Resources: Florida College System Annual Equity Update Report (p. 372)
6. Finance: Fees and Charges (p. 373-374)
7. Finance: Fiscal Year 2019-20 Operating Budget Amendment No. 3 (p. 375)
8. Finance: Fiscal Year 2020-21 College Budget (p. 376)
9. Finance: Fiscal Year 2020-21 Capital Outlay (p. 377-379)
10. Office of General Counsel: Proposed Ground Lease Agreement and Joint Education Agreement with San Jose Tech Charter High School (p. 380-383)

Subject: Regular Meeting  
June 9, 2020, Board Agenda  
(Continued)

### **INFORMATION ITEMS**

Trustees may request discussion of the Information Items.

- A. Human Resources: Personnel Actions (p. 384-385)
- B. Finance: Direct Support Organization Checklist and Annual Audit for the Fiscal Year Ended September 30, 2019 (p. 386-388)
- C. Finance: Travel Report (p. 389)
- D. Finance: Investment Reports for Quarter Ended December 31, 2019 (p. 390-421)
- E. Finance: Investment Reports for Quarter Ended March 31, 2020 (p. 422-460)

### **REPORT OF THE BOARD CHAIR**

### **REPORT OF THE BOARD LIAISON, FSCJ FOUNDATION BOARD OF DIRECTORS**

### **REPORTS OF TRUSTEES**

#### **REPORT OF THE ADMINISTRATIVE AND PROFESSIONAL COLLABORATIVE**

(Written report provided by Ms. Youlanda Henry)

**REPORT OF THE CAREER EMPLOYEES COUNCIL** (Written report provided by Ms. Camilla Collins)

**REPORT OF THE FACULTY SENATE** (Written report provided by Dr. John Woodward)

**REPORT OF THE STUDENT GOVERNMENT ASSOCIATION** (Written report provided by Mr. Justin Milligan)

### **NEXT MEETING**

The next regular meeting of the Board is scheduled for Tuesday, August 11, 2020, at the College's Administrative Offices.

### **ADJOURNMENT**

**Florida State College at Jacksonville**  
**District Board of Trustees**  
**Finance & Audit Committee**  
**Meeting Minutes of April 14, 2020, Quarterly Meeting**  
**Teleconference | WebEx - 10:45 a.m.**

PRESENT:

D. Hunt Hawkins, Committee Chair  
Laura M. DiBella  
O. Wayne Young  
Thomas J. Majdanics  
John Avendano  
Anita A. Kovacs  
Albert P. Little  
Stephen A. Stanford

ABSENT:

None

CALL TO ORDER:

Committee Chair Hawkins called the Finance and Audit Committee meeting to order at 10:45 a.m. and welcomed those in attendance.

INFORMATION /  
DISCUSSION:

A. Review of recent FSCJ Audit Report

Due to meeting being conducted via WebEx (teleconference), materials were mailed to Finance & Audit members prior to the meeting. Vice President of Business Service Al Little introduced Associate Vice President of Finance Anita Kovacs to present the Finance and Audit Committee with a review of the following audit report for Florida State College at Jacksonville (FSCJ):

Financial Audit for the Fiscal Year Ended June 30, 2019:

The Florida Auditor General's Published Audit Report No. 2020-184 found the College's financial position to be in conformity with generally accepted accounting principles in the United States of America. No deficiencies in internal control over financial reporting were identified. Additionally, there were no instances of noncompliance reported. The report is to apprise the Board of activities concerning audit and control. A copy of the report was provided to each Board member in advance from the Office of the Auditor General.

B. Review of Interim Financial Statements

Through a distributed handout, summary of net position, revenues and expenditures were discussed. Projected revenue is slightly below forecast. Total budget shows expenditures slightly lower than revenue. There was discussion regarding expenditures and revenue based on projections. Summer enrollment is still in process. Revenue is based on tuition payments. Based on current state of affairs, numbers may change slightly up or down due to transition to online classes and payment due dates.

Discussion was included in regard to capital outlays, fund balances and state allowances.

C. Discussion of Planned 2020-21 Revenue Budget

Planning started in January 2020. Projecting an increase in state appropriations. Vice President Little presented the Committee with a preliminary overview of the planned revenue budget for Fiscal Year 2020-21.

Summer enrollment is flat. Budget versus tuition current projection is also flat.

Expenditure major changes: State retirement payment of \$1,015,000 is required. Adjunct budget was able to be adjusted down by \$1.1 million. Salary projection created surplus (\$600,000 credit). Health insurance projection of 4% increase (\$344,000). Maintenance contract for Fire College (\$46,453). Energy Savings agreement (\$123,030). Presidential Inauguration (\$35,000). Canvas LMS Transition program (\$92,529). non-recurring Strategic Initiatives (\$9,205). Expenditures subtracting non-recurring funding leaves available recurring budget of \$1 million for allocation to strategic initiatives, operating enhancements or salary increases.

Due to the uncertainty of current situation, President Avendano instructed a freeze on hiring except in most critical cases. The College is taking a conservative approach to the budget at this time.

Summer enrollment was tracking up by 6 % prior to COVID-19. FSCJ is currently tracking 13 % down. In conversations with other Florida institutions, they are anticipating between 15 % - 30 % down. The College is projecting about 15 % down for the summer and hopefully a rebound for fall. Summer accounts for 15 % of revenue.

Vice President Little discussed stimulus of \$14.5 million from the federal government (CARES Act). Half must go directly to students. The remaining half will be utilized to cover offset of expenses the College occurs or loss of revenue due to the virus. The legislature may adjust state funding in the fall as to how much funding each school has received.

Trustee Young asked about fund balances. Vice President Little clarified that FSCJ must maintain 7% for catastrophic circumstances.

Trustee Majdanics requested clarity as to how percentage points effect the overall budget and how the College would use the stimulus funds.

COMMENTS BY THE  
PUBLIC:

There were no comments made by the public.

NEXT MEETING:

The next meeting of the Finance & Audit Committee is scheduled for May 19, 2020 at FSCJ's Administrative Offices as part of the DBOT Deep Dive Budget Workshop. The Committee will meet at noon in Board Room 405.

ADJOURNMENT:

There being no further business, Chair Hawkins declared the meeting adjourned at 11:47 a.m.

APPROVAL OF  
MINUTES:

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Committee Chair, Finance and Audit Committee

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Vice President of Business Services

Submitted by Ms. Shannon Oliver, Project Coordinator

**Florida State College at Jacksonville**  
**District Board of Trustees**  
**Minutes of the April 14, 2020, Regular Meeting**  
**Teleconference | Conference Call 1-800-231-0316, 1 p.m.**

PRESENT:

Thomas R. McGehee, Jr., Chair  
Michael M. Bell, Vice Chair, Nassau County  
O. Wayne Young, Vice Chair, Duval County  
Jennifer D. Brown  
Shantel N. Davis  
Laura M. DiBella  
D. Hunt Hawkins  
Thomas J. Majdanics  
Roderick D. Odom

ABSENT:

None

CALL TO ORDER:

Chair McGehee called the meeting to order at 1:04 p.m. He welcomed and thanked those joining telephonically, noting the meeting was being audio recorded. Therefore, he asked members to please speak clearly.

ROLL CALL:

Chair McGehee asked Board Liaison Kimberli Sodek to conduct a roll call of the Board members, and she did so accordingly. All members of the Florida State College at Jacksonville (FSCJ) District Board of Trustees (DBOT) were present.

PLEDGE:

Chair McGehee led the Pledge of Allegiance.

COMMENTS BY THE PUBLIC:

Chair McGehee opened the public comments segment of the meeting wherein members of the public were invited to make comments on matters before the Board's consideration, noting that requestors would be acknowledged through the conference operator, and should immediately introduce themselves. There were no introductions made by the conference operator.

Chair McGehee advised the Board that no member of the public had requested to speak. He asked if there were any comments by the Board, and there were none.

MINUTES:

(Ref. Board Agenda for April 14, 2020; Pages 202000310 – 330)

Chair McGehee asked the Board if there were any comments or recommended revisions to the FSCJ DBOT minutes – as a slate – of the February 11, 2020, Workshop, on agenda pages 310 – 313; and February 11, 2020, Regular Meeting, on agenda pages 314 – 330, and there were none.

MOTION: (Hawkins – Bell) The motion was made to approve the FSCJ DBOT minutes – as a slate – from the February 11, 2020, Workshop; and February 11, 2020, Regular Meeting, as recommended.

Motion carried unanimously.

REPORT OF THE COLLEGE  
PRESIDENT:

COVID-19 Response:

College President John Avendano, Ph.D. shared an in-depth overview of the College's COVID-19 response, noting that over the past several weeks, lives had been disrupted by the global COVID-19 pandemic, which was the reason for the meeting being conducted virtually today.

As new cases of the virus were confirmed, the College quickly came together to develop a course of action. Unfortunately, the plans were constantly changing and ultimately the decision was made to transition all FSCJ classes to online and have all faculty and staff begin teleworking.

A FSCJ website was developed dedicated to housing COVID-19 information relevant to our students, faculty and staff. The College held multiple OnPoint calls each week to provide Collegewide updates and to answer questions that were submitted leading up to and during the call.

Aside from the immediate needs the institution had to address, FSCJ also had to think further ahead to the upcoming events, specifically Commencement. The College was forced to make the difficult decision to shift to a virtual ceremony this year. The planning committee is currently working to develop an alternative that is suitable for the occasion and creatively celebrates the students' achievements in a way that, not only makes them feel proud, but also makes them feel valued by FSCJ.

President Avendano stated that it had been a stressful situation for all of us as we work to keep ourselves and our families healthy and adjust to the limited access we have to the world outside our homes. He shared his appreciation to the Trustees, leadership team, emergency management teams, security, facilities, information technology, academic operations, student services, communications and countless others. He noted that all areas of the College came together within a moment's notice to plan and act in order to maintain our health and to give the students the best possible opportunity for the continuation of their academic journey.



FSCJ has been working hard to support our employees, who are our most critical asset. By eliminating the fear and worry they would experience at the notion of halted pay, the College was able to contribute to their overall wellbeing, which at a time like this, means more than any of us can ever really understand.

President Avendano shared his appreciation for the faculty and staff for all their effort that has gotten the College to this point, as it is unbelievable as to what had to be done to transition all of the employees to telework and all of the students to online learning in a matter of days.

Strategic Planning  
 Day/Visionary Impact Plan:

President Avendano provided the Board with an update on the College's strategic planning process, which FSCJ is calling the 2020 Visionary Impact Plan (VIP).

So far, the College has provided a variety of opportunities to join the conversation through surveys, campus/center forums, and leadership meetings. The community event held in Nassau County on February 26 provided great feedback in three areas: community, partnerships and program offerings. He thanked Trustees Bell, DiBella and Odom for their attendance at the event.

President Avendano noted through these preliminary listening opportunities, FSCJ was able to start pulling together common themes, one of the most visible is that of student success, the heart of the institution's business.

As a culminating event, FSCJ had planned to hold a Community and College Town Hall this month but, due to COVID-19, the event is being rescheduled. Additionally, the report to the District Board of Trustees is being pushed to the August board meeting, instead of the June meeting as was originally planned to ensure the College has the necessary time to thoughtfully develop this plan.

APC, CEC and Faculty  
 Awards:

President Avendano noted he was pleased to announce and recognize the recipients of FSCJ's Administrative and Professional Collaborative, Career Employee's Council and Faculty awards. Students, faculty and staff were invited to submit their nominations and each group's selection committee chose the recipients. The recipients as follows:

Distinguished Faculty Awards

Dr. Brad Biglow, Professor of Anthropology  
 Dr. Johnny Bowman Professor of Logistics  
 Dr. Shawna Coram, Professor of Business and Accounting  
 Suzanne Hess, Professor of English  
 Dr. Guerino Terracciano, Professor of Early Childhood  
 Education

Distinguished Adjunct Faculty Award

Brian Wiley, Professor of Psychology

Administrative and Professional Collaborative Exceptional  
 Service and Initiative Award

Dr. Jeff Hess, Dean of Communication

Career Employees' Council Recognition of Excellence Award

Bryan Stewart, Student Services Administrative Support  
 Manager

President Avendano noted full-time honorees will receive \$1,000 and the adjunct faculty honoree \$500. Additional recognition will continue throughout the academic year.

Legislative Update:

President Avendano asked the College's Director of Government Relations Ms. Virginia Haworth to provide the Board with an update on the 2020 Florida Legislative Session. Director Haworth addressed the Board and provided a comprehensive overview of the session, noting a copy of the presentation was previously provided to Trustees. The overview included information relating to:

- Florida College System Funding
- FSCJ Funding
- New Funding Formula
- Policy that Passed
- What Did Not Pass
- Special Session
- Budget Outlook
- CARE Act

Chair McGehee asked if there were any questions or comments by the Board regarding the President's Report. There was discussion by the Board regarding the Legislative Report, CARE Act funds and lobbying efforts.

Chair McGehee asked if there were any additional questions or comments by the Board, and there were none.

CONSENT AGENDA:

(Ref. Board Agenda for  
April 14, 2020; Items 1  
through 3, Pages 202000331  
– 335)

Chair McGehee noted the Trustees had fully reviewed the Consent Agenda items prior to today's meeting and had the opportunity to discuss any questions and/or concerns with the College President through individual Trustee conference calls, should they so desire. He then asked if there were any items the Trustees wished to remove from the Consent Agenda for individual consideration/discussion under Action Items, and there were none.

ACTION ITEMS:

(Ref. Board Agenda for  
April 14, 2020; Items 1  
through 4, Pages 202000336 –  
339)

MOTION: (Hawkins – DiBella) The motion was made to approve the Consent Agenda, as recommended.

Chair McGehee asked if there were any questions or comments by the Board, and there were none.

Motion carried unanimously.

President Avendano presented the administration's recommendation on Action Item 2, Human Resources: Award of Continuing Contracts, on agenda page 337.

MOTION: (Brown – Hawkins) The motion was made to approve the Award of Continuing Contracts, as recommended.

Chair McGehee asked if there were any questions or comments by the Board, and there were none.

Motion carried unanimously.

President Avendano presented the administration's recommendation on Action Item 3, Human Resources: Faculty Sabbaticals, on agenda page 338.

MOTION: (Hawkins – Bell) The motion was made to approve the Faculty Sabbaticals, as recommended.

Chair McGehee asked if there were any questions or comments by the Board, and there were none.

Motion carried unanimously.

President Avendano presented the administration's recommendation on Action Item 4, Academic Affairs: Inactivation of College Credit Courses, on agenda page 339.

MOTION: (DiBella – Young) The motion was made to approve the Inactivation of College Credit Courses, as recommended.

Chair McGehee asked if there were any questions or comments by the Board, and there were none.

Motion carried unanimously.

INFORMATION ITEMS:  
 (Ref. Board Agenda for  
 April 14, 2020; Items  
 A – B, Pages 202000340  
 – 342)

Chair McGehee asked the Board if there were any questions or comments related to Information Items A – B, on agenda pages 340 – 342, and there were none.

REPORT OF THE BOARD  
 CHAIR:

Chair McGehee prior to beginning his report, commended the team for setting up today's meetings in the face of all the many COVID-19 restrictions, noting all the preparation that went into the teleconference calls.

Chair McGehee reported that during his report last month he made the following statement, "Along with Dr. Avendano, the Board must bear part of the responsibility to respond to the needs of our greater community. These are the needs we know now and the needs that have yet to present themselves. This is a requirement to always be flexible and never become so stagnant we become irrelevant." He noted that he could not claim any element of clairvoyance or prophetic skills; however, this is certainly playing out for everyone.

Chair McGehee shared his appreciation for the institution. In the years he has been involved with the institution, he has watched FSCJ develop Distance Learning programs to handle the needs of a deployed military. This work has built a foundation for our current state of education distribution. It has put FSCJ in a better position than most others to handle today's quarantine restrictions.

Chair McGehee shared that he and President Avendano had a conversation about the unique occasion the Virus has provided FSCJ, noting several people have been credited with the phrase "Never waste a good crisis." This is the time to ensure the College takes the opportunity to reassess the norms that under routine circumstances may not be questioned.

REPORT OF THE BOARD  
 FINANCE & AUDIT  
 COMMITTEE CHAIR:

Finance & Audit Committee Chair Hawkins provided the Board with a summary of the April 2020 quarterly meeting, which included information regarding the review of the recent FSCJ audit reports, discussion of interim financial statements and an overview of the planned 2020-21 revenue budget.

Committee Chair Hawkins advised that the Finance & Audit Committee will meet on Tuesday, May 19, 2020, at the College's Administrative Offices as part of the DBOT Deep Dive Budget Workshop. The workshop will convene at noon in Board Room 405.

REPORT OF TRUSTEES:

There were no reports provided by Trustees.

REPORT OF THE  
 ADMINISTRATIVE AND  
 PROFESSIONAL  
 COLLABORATIVE (APC):

Administrative and Professional Collaborative Chair Youlanda Henry provided the Board with a written report relating to current APC initiatives and activities. (Appendix A)

REPORT OF THE CAREER  
 EMPLOYEES COUNCIL  
 (CEC):

Career Employees Council Chair Camilla Collins provided the Board with a written report relating to current CEC initiatives and activities. (Appendix B)

REPORT OF THE FACULTY  
 SENATE (Senate):

Faculty Senate President Dr. John Woodward provided the Board with a written report relating to current Senate initiatives and activities. (Appendix C)

REPORT OF THE STUDENT  
 GOVERNMENT  
 ASSOCIATION (SGA):

Collegewide Student Government Association President SeQoya Williams provided the Board with a written report relating to current SGA initiatives and activities. (Appendix D)

NEXT REGULAR BOARD  
 MEETING:

Chair McGehee announced the next meeting of the Board is scheduled for Tuesday, May 19, 2020, for a Deep Dive Budget Workshop. The next regular meeting of the Board is scheduled for Tuesday, June 9, 2020.

ADJOURNMENT:

There being no further business, Chair McGehee declared the meeting adjourned at 1:54 p.m.

APPROVAL OF MINUTES:

\_\_\_\_\_  
 Chair, District Board of Trustees

\_\_\_\_\_  
 Executive Secretary, District Board of Trustees

Submitted by: Ms. Kimberli Sodek, Secretary to the Board



Date: April 14, 2020

To: Florida State College at Jacksonville District Board of Trustees

From: Youlanda Henry

Chair, Administrative and Professional Collaborative, 2019-2020

Re: April 2020 Administrative and Professional Collaborative Report

Chair McGehee and Trustees:

Greetings from the APC! As I write this month's report for the Board, two words keep surfacing in my mind: gratitude and amazement. At a time that is arguably one of the most challenging that we have faced as a nation, I feel incredibly grateful to be a part of an organization that has responded to this ever-evolving situation from a position of caring. I have so much respect for all of the work that has been done at all levels to keep students, faculty, and staff whole as we work together daily to face each new challenge. I am also amazed by the flexibility, ingenuity, and tenacity demonstrated by staff across employee groups as people have worked under trying circumstances to find new ways to maintain operational efficiency and excellence in our response to the COVID-19 pandemic. It makes me proud to be a part of the FSCJ community.

While this current set of circumstances is something that we all wish we could have avoided, I am a believer that adversity can sometimes be the impetus for change and growth. Our current situation is an invitation to interrogate the ways in which we do business, to be forward-thinking, and to contemplate how we might adapt so that we can be an even more agile organization in the future. With FSCJ's community of talented, dedicated, and mission-driven constituents, I am confident that we are poised to be successful in such pursuits.

I wish you and your loved ones safety and well-being and look forward to our return to normal operations.

Sincerely,

A handwritten signature in black ink that reads "Youlanda Henry". The signature is written in a cursive, flowing style.

Youlanda Henry  
Director of Tutoring Services  
Chair, Administrative and Professional Collaborative, 2019-2020



Date: April 14, 2020  
To: Florida State College at Jacksonville District Board of Trustees  
From: Camilla Collins, Career Employees' Council Chair  
Re: April 2020 CEC Report

Trustees:

There will be no written report provided by the Career Employees' Council this month. Due to the Council not meeting in the month of March 2020.

Respectfully,

*Camilla Collins*

Camilla Collins  
Career Employees' Council Chair  
Florida State College at Jacksonville  
904-357-8889 / [cami.collins@fscj.edu](mailto:cami.collins@fscj.edu)



April 14, 2020

To: Florida State College at Jacksonville District Board of Trustees.  
From: John A. Woodward, PhD  
Re: April 2020 Faculty Senate Report

Chair McGehee and Fellow Trustees:

I think we can honestly say the institution has never been confronted with such a situation as we have had to deal with since March. But I can also say that many of us have never been prouder to be a part of such a dynamic institution with a dedicated staff and administration all of whom have put the health and safety of their colleagues and our students first. It seems the time, indeed, to misappropriate a regularly misappropriated phrase from Dickens: "It was the best of times, it was the worst of times..."

Faculty have largely handled the transition with their typical aplomb. And where they have been unable to move instruction online due to the nature of their discipline or content, they have worked with students and the administration to determine the best course of action. The administration has also been exceedingly professional and humane in this difficult time, something which cannot go unacknowledged. The choices that have been made have firstly been made in close consultation with the stakeholders, faculty included. This event has indeed shown just how much improved the shared governance at the institution has become. I think it is not just evidence that we are on the right path, but evidence that we are much further down that path than we had hoped to believe possible.

I cannot thank Dr. Avendano, Dr. Wall, Dr. Neuhard, Dr. Litt, and VP Kooi enough for managing this transition with such grace and such attention to the needs of their faculty and the needs of the students. And while we have not yet emerged from the crisis, I think their leadership has positioned the institution to withstand it and emerge just as strong on the other side. I would also like to personally thank Dr. Avendano for being so vocal about the protection of our colleagues in this crisis, mentally, physically, and financially as best we can as an institution. The faculty needs desperately so many of those who work daily on our campuses, greeting students, making them feel welcome, helping them find answers, making sure they are safe, and performing a myriad of small and large acts to build and strengthen our academic community. We feel indebted to them for their service, and to know that for at least some large portion of this shutdown that they will be protected from its most dire consequences is very comforting to us all.

Now we must prepare for the transition to the summer semester under the very same conditions from which we suffer now. We know the campuses will be closed by government fiat through at least the end of this semester. I think we can rest assured that serious disruptions will continue, however, well into the summer semester if not all the way through fall. What those disruptions will entail, we cannot possibly know. We can, however, prepare for them. We have a rough-and-ready guide for handling such disruptions, but we must dedicate some energy in the remaining weeks of Spring and into the summer preparing in a more focused fashion for whatever disruptions may impact us—including of course significant closures due to hurricanes and tropical storms. We will work in academics on various scenarios and plans for those scenarios and Senate will prepare recommendations for continuing instruction in a manner that insures our academic integrity. Our academic integrity is, after all, our word of honor to the community, and we aim to keep it even in a time of COVID-19.



We also aim to keep our word to our students through these disruptions. To that end, Senate has recommended to faculty that all courses that have been scheduled to meet face-to-face at a certain time for the summer A-session and B-session continue to meet in a virtual fashion at that time and in such a manner that the face-to-face component of the instruction is retained as best it can be. This will not work for all courses or all disciplines, but where it can it should. In making the recommendation, we felt that our students who signed up for those courses did so intentionally and in order to have a “synchronous” experience with their instructor. We should seek to honor that as best we can. This may give our students some sense of stability and normality. It will certainly prove to be a means of carrying on “face-to-face” instruction in a distance fashion and may change some of our online offerings. We also feel it will most certainly be a point to advertise to current and potential students because it will clearly distinguish us in their minds from the universities which are also experiencing closures.

It is very important for potential students to know that we have a great student to faculty ratio; we have a fine and very professional faculty body who cares about our students’ educations and intellectual growth regardless of innate acumen or economic and educational background; our BS graduates earn as much or more than their university graduate peers (\$8400 more on average by some metrics); we cost less than universities; and we have online, face-to-face, and hybrid instruction even in a time of COVID-19.

We are working on getting this message out there. We know that we can make a difference for our students and for those who may be looking to change careers in this new economic downturn.

That concludes my report to the board.

Respectfully,



John Arrington Woodward, PhD

Professor of Humanities and Film Studies

Faculty Senate President

C2326B, DWC

Florida State College at Jacksonville

997-2703

john.a.woodward@fscj.edu



Date: April 14, 2020

To: Florida State College at Jacksonville District Board of Trustees

From: Florida State College at Jacksonville Student Government Association Executive Board

Re: January 2020 to April 2020 Student Government Association Report

Chair McGehee and Trustees,

The Student Government Association (SGA) is the voice of the student body at Florida State College at Jacksonville (FSCJ). Please see the following updates and accomplishments for the period of January 2020 to April 2020.

Since the last report, the SGA has accomplished the following:

- On February 7-8<sup>th</sup>, members of the SGA attended the Florida College System Student Government Association February Leadership Conference at College of Central Florida. Three Members of the SGA completed their FCSSGA Leadership Training (FLT) and received certificates. The FLT Certification consists of six core courses in three categories consisting of Civic Engagement, Campus Involvement and Leadership.
- On February 7-8<sup>th</sup> the Collegewide SGA President, FSCJ's Symphony and Chorale as well as members of danceWORKS, and FSCJ's Culinary Program participated in several events as part of the Inauguration of John Avendano, Ph.D. as the 6<sup>th</sup> President of FSCJ. Culinary provided desserts for the events, the SGA President welcomed Dr. Avendano with a speech on behalf of the student body, and the FSCJ Chorale performed the College's alma mater.
- On February 27<sup>th</sup>, the Activity & Service (A&S) Fee Committee attending training. The committee consists of students representing SGA, danceWORKS, and Athletics. The purpose of this committee is to determine that A&S fee funding is allocated fairly and evenly across the College to support co-curricular activities at the College.
- Two SGA members served on the Distinguished Faculty Award Selection Committee.
- North Campus SGA President, Breana White, was one of the many women honored by Diversity & Social Change with the annual Hats Off to Women event. This year's theme was Unsung Heroines and she was selected due to her dedication and commitment to serving the students of FSCJ.
- On March 27<sup>th</sup>, eleven dedicated students completed the Student Leadership Certificate Program. The Leadership Symposium was conducted virtually through Canvas Conferences and enabled the students to successfully complete the program while practicing social distancing. Vice President of Student Services Dr. Linda Herlocker served as the keynote speaker at the Leadership Symposium.
- Student leaders representing the Campus Student Programming Boards, SGA, Student Ambassadors, and student workers from Student Life & Leadership help to plan a schedule of online co-curricular activities for the rest of the spring term. Students can participate in the online co-curricular activities through Canvas, Instagram and Facebook. Online activities include, but are not limited to live deliberative dialogs, trivia events, Minute to Win It Challenges, scavenger hunts and craft projects.
- On March 30<sup>th</sup>, the officers of the SGA elected Justin Milligan as the 4<sup>th</sup> ever Collegewide SGA President. Esther Michele will serve as the Collegewide Vice President. The newly elected officers accepted their roles and recited the oath of office. The oath states they will fulfill their duties to the best of their ability and strive to achieve the high level of expectation that their role requires.

On behalf of the student body, we extend our deepest gratitude to the District Board of Trustees and FSCJ President Dr. John Avendano for continuing to provide us the opportunity to foster such a thriving environment. Thank you for your time and all that you do for the students of FSCJ.

Sincerely,  
SeQoya Williams  
FSCJ Collegewide Student Government Association President

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. CA – 1.**

Subject:	Administration: Comprehensive Safety Review for 2019-20
Meeting Date:	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the College's Comprehensive Safety Review for 2019-20. The full report will be available at the District Board of Trustees Meeting.

**BACKGROUND:** Pursuant to Florida Statute 1013.12 and the State Requirements for Educational Facilities, Chapter 5(1)(a)1 (SREF), each year the College is required to complete and submit to the Board for approval a collegewide comprehensive safety inspection report listing safety code deficiencies. The review is conducted within the current fiscal year with a time span beginning in September 2019 and finishing in March 2020. The review encompasses all buildings, rooms and grounds of the College Campuses and Centers. During the inspection, 651 safety deficiencies were identified. The report reflects that 629 of 651 reported deficiencies have been corrected. The uncorrected deficiencies are awaiting access after COVID-19, work to be completed by contractors, or delivery of backorder repair items. The College's Comprehensive Safety Review for 2019-20 includes the correction or anticipated correction date and estimated cost for each item.

**RATIONALE:** Conducting an annual comprehensive safety review of all College facilities for fire safety, casualty and sanitation is required by Florida Statute and State Requirements for Educational Facilities. The review assures the Board is informed in a timely manner of all College safety deficiencies noted. None of the safety deficiencies noted are life-threatening deficiencies which, by statute, would require the Board to withdraw the facility from use until corrected.

**FISCAL NOTES:** The College has utilized its operational funds to correct all deficiencies identified during the annual comprehensive fire safety, casualty and sanitation review.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. CA – 2.**

<b>Subject:</b>	Human Resources: Direct Support Organization Personnel
<b>Meeting Date:</b>	June 9, 2020

**RECOMENDATION:** It is recommended that the District Board of Trustees approve the Florida State College at Jacksonville Foundation’s anticipated usage of College resources for Fiscal Year 2020-21 as summarized below with the understanding that the Foundation employees are required to follow the Board Policies and Administrative Procedures of the College.

**BACKGROUND:** As a Direct Support Organization (DSO), the Florida State College at Jacksonville Foundation (Foundation) strives to help individuals who need financial assistance in order to take advantage of educational opportunities. Personnel within the Foundation are selected in accordance with the policy and procedures of Florida State College at Jacksonville (FSCJ), and 100% of Foundation employees’ time is dedicated to Foundation activities and initiatives.

Foundation employee salaries and benefits to be reimbursed to the College by the Foundation for Fiscal Year 2019-20 totals \$444,832.80. The reimbursement amount will remain at 100% for Fiscal Year 2020-21. Additionally, approximately 2,166 square feet of College facilities is dedicated for the Foundation’s use.

The listing below provides the District Board of Trustees a timely notification of currently established Foundation positions.

<b><u>Employee</u></b>	<b><u>Job Title</u></b>
Jennifer Chester	Accountant IV
Christine Vint Griswold	Foundation Support Manager
James Rivers	Development Officer
Robin Smith	Administrative Assistant III
Danielle Sylvester	Development Officer
Cleve Warren	Executive Director of the Foundation
Vacant	Development Officer

In addition, there are approximately 20 employees working within the Artist Series that were fully funded by their programs in 2019-20 and the same is planned for 2020-21.

**FISCAL NOTES:** The costs of all personnel are to be reimbursed by the Foundation for the second time in 2020-21. The use of space by Foundation and Artist Series personnel is not changing, and there is no budget impact to the College to retrofit the areas.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. CA – 3.**

<b>Subject:</b>	<b>Purchasing: Annual Contract Extensions</b>
<b>Meeting Date:</b>	<b>June 9, 2020</b>

**RECOMMENDATION:** It is recommended that the District Board of Trustees authorize College administration to extend the following annual contracts.

	Bid #/ File #	Title	Supplier	Extension Period		Year # of #	Estimated or Not-to- Exceed Value	Annual Change in Price
				From:	To:			
1.	2016C-19	\$700,000 - \$2M Construction Delivery Order Contracting Services	Warden Construction Corp.	07/01/2020	06/30/2021	4 of 5	\$6,000,000	0%
2.	2017C-38K	Painting Delivery Order Contracting Services	Krystal Companies LLC dba Krystal Klean	07/01/2020	06/30/2021	4 of 5	\$1,000,000	0%
3.	2017C-38P		Painting Unlimited Contractors, Inc.	07/01/2020	06/30/2021	4 of 5	\$1,000,000	0%
4.	2017C-38S		S. David & Co., LLC	07/01/2020	06/30/2021	4 of 5	\$1,000,000	0%
5.	2019C-17C	Grounds Care & Maintenance Services	Chad Brock Enterprises, Inc.	08/01/2020	07/31/2021	1 of 5	\$600,000	0%
6.	2019C-17R		Core Outdoors, Inc DBA/ R & R Maintenance of Jax (Formerly Known as: R&R Maintenance, Inc.)	08/01/2020	07/31/2021	1 of 5	\$600,000	0%
7.	2019C-18E	<\$700,000 Construction Delivery Order Contracting Services	E Vaughan Rivers, Inc.	07/01/2020	06/30/2021	1 of 5	\$2,500,000	0%
8.	2019C-18S		Scherer Construction of North FL, LLC.	07/01/2020	06/30/2021	1 of 5	\$2,500,000	0%
9.	2019C-18W		Warden Construction Corporation	07/01/2020	06/30/2021	1 of 5	\$2,500,000	0%

Purchasing: Annual Contract Extensions  
(Continued)

**BACKGROUND:** The College solicits annual indefinite quantity contracts for various services and products used Collegewide. These contract renewals are negotiated annually for optional extension terms. Each contract requires review to confirm satisfactory performance, terms, conditions and competitive renewal rates.

**RATIONALE:** Pursuant to State Board of Education Rule 6A-14.0734 annual indefinite quantity contracts minimize purchase costs through collective volume buying.

**FISCAL NOTES:** The total amount of services provided using these contracts is comprehended in the College's operating or capital budgets.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. CA – 4.**

<b>Subject:</b>	Finance: Delinquent Accounts
<b>Meeting Date:</b>	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the write-offs of delinquent student accounts in the amount of \$1,284,389.

**BACKGROUND:** The amount requested for write-off represents delinquent receivables incurred during FY 2017-18. The number of accounts included in the write-off is 1,462. The large increase in 2017-18 in comparison to the accounts written off in 2016-17 can be attributed to the implementation of the Peoplesoft student system in that year. A breakdown of the type of accounts is below.

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Financial Aid & VA	\$1,196,760	\$865,973
Book Loans	60,125	33,083
Miscellaneous	27,504	23,877
<b>Total</b>	<b>\$1,284,389</b>	<b>\$922,933</b>

**RATIONALE:** The write-off of delinquent accounts by the College of \$25 or more, and uncollectable for 2 or more years, is in accordance with Florida Statute 1010.03, and Board Rule 6Hx7-4.22.

**FISCAL NOTES:** The College annually records bad debt expense; however, write-offs are charged to the Balance Sheet against the Allowance for Doubtful Accounts. There is no budget impact from this write-off since the Allowance balance is sufficient to cover the requests.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. CA – 5.**

<b>Subject:</b>	Finance: Financial Statements Audit Report for Fiscal Year Ended June 30, 2019
<b>Meeting Date:</b>	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees accept the Florida Auditor General’s published Audit Report No. 2020-184, entitled Financial Audit for Fiscal Year Ended June 30, 2019.

**BACKGROUND:** The State Auditor General conducts an annual audit of financial statements of the District Board of Trustees of Florida State College at Jacksonville pursuant to Florida Statute 11.45. The following information provides a summary of findings of the audit regarding the financial statements of the College for the fiscal year ended June 30, 2019:

- The College’s financial statements were presented fairly, in all material respects, the respective financial position of Florida State College at Jacksonville and of its discretely presented component unit as of June 30, 2019, and the respective changes in financial position and cash flows, thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.
- No deficiencies in internal control over financial reporting, considered to be material weaknesses, were identified.
- The results of tests disclosed no instances of noncompliance or other matters that are required to be reported under “Government Auditing Standards.”

**RATIONALE:** The report is to apprise the Board of activities concerning audit and control.

**FISCAL NOTES:** This report is presented to the Board for information and approval, and has no economic impact. A copy of the report was provided to each Board member in advance from the Office of the Auditor General. Copies of the report may be obtained by the public on written request to the Associate Vice President for Finance, Florida State College at Jacksonville, Financial Services Department.



**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 1.**

A. RECOMMENDATION: It is recommended that the District Board of Trustees approve the Consent Agenda as presented,

with the exception of:

Item \_\_\_\_, Title \_\_\_\_\_, page(s) \_\_\_\_\_

Item \_\_\_\_, Title \_\_\_\_\_, page(s) \_\_\_\_\_

Item \_\_\_\_, Title \_\_\_\_\_, page(s) \_\_\_\_\_

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Item \_\_\_\_, Title \_\_\_\_\_, page(s) \_\_\_\_\_

which have been removed from the Consent Agenda for individual consideration.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 2.**

<b>Subject:</b>	Administrative Procedure Act – Board Rules, Section 1 – General Provisions, Definitions and Governance
<b>Meeting Date:</b>	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the attached new Board Rule under Section 1 – General Provisions, Definitions and Governance, effective with this action.


**6Hx7-1.3 – District Board of Trustees Self-Evaluation**

**BACKGROUND:** The College periodically reviews Board Rules and administrative procedures for currency, accuracy, and to ensure compliance with state and federal law, as applicable. New Board Rules or administrative procedures (APM) are reviewed through the shared governance process after Cabinet has reviewed and approved unless the proposed changes are non-substantive.

- New Board Rule 6Hx7-1.3 – A new Board Rule is needed to establish the criteria for the self-evaluation of the District Board of Trustees in accordance with the Southern Association of Colleges and Schools, Commission on Colleges (SACSCOC) institutional accreditation guidelines.

**RATIONALE:** Approval of this item aligns the College with the Southern Association of Colleges and Schools, Commission on Colleges (SACSCOC) Standard 4.2g and current College business practices.

**FISCAL NOTES:** There is no economic impact as a result of this revision.

	<b>RULES OF THE BOARD OF TRUSTEES</b>		
	<b>NUMBER</b>	<b>TITLE</b>	<b>PAGE</b>
	<u>6Hx7-1.3</u>	<u>District Board of Trustees Self-Evaluation</u>	<u>1-3</u>

- (1) As self-evaluations are a best practice for governing boards and a requirement for institutional accreditation by the Southern Association of Colleges and Schools, Commission on Colleges (SACSCOC), it is imperative for the District Board of Trustees (DBOT) to conduct a self-evaluation to help the DBOT review its actions, evaluate its effectiveness and ensure the priorities of the DBOT and the mission of Florida State College at Jacksonville remain aligned. The DBOT will conduct a self-evaluation on an annual basis. The College President, as Secretary to the DBOT, will facilitate this self-evaluation process.

(General Authority: F.S. 1001.64, SACSCOC Principles of Accreditation)

(Adopted 06/09/2020)

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 3.**

Subject:	Administration: Annual Salary Index
Meeting Date:	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the 2020-21 Salary Index as part of the Pay Plan.

**BACKGROUND:** Pursuant to 6Hx7-3.3 of the Rules of the Board of Trustees, the administration is to develop for Board approval an annual salary index as part of the College Pay Plan.

**RATIONALE:** The Salary Index establishes the minimum and maximum salary for each job description.

**FISCAL NOTES:** The item has no economic impact.

**2020-21 SALARY INDEXES****A&P Positions**

<b>PG</b>	<b>MIN</b>	<b>HRLY</b>	<b>MAX</b>
16	\$40,512.00	\$20.26	\$74,328.00
17	\$43,008.00	\$21.50	\$77,328.00
18	\$45,672.00	\$22.84	\$82,080.00
19	\$48,480.00	\$24.24	\$87,144.00
20	\$50,952.00	\$25.48	\$91,608.00
21	\$53,544.00	\$26.77	\$96,192.00
22	\$56,256.00	\$28.13	\$100,104.00
23	\$59,088.00	\$29.54	\$105,168.00
24	\$62,184.00	\$31.09	\$110,616.00
25	\$65,976.00	\$32.99	\$116,208.00
26	\$69,336.00	\$34.67	\$123,360.00
27	\$73,584.00	\$36.79	\$130,968.00
28	\$77,328.00	\$38.66	\$137,616.00
29	\$81,264.00	\$40.63	None

**Career Positions**

<b>PG</b>	<b>MIN</b>	<b>HRLY</b>	<b>MAX</b>
1	\$18,096.00	\$9.05	\$32,640.00
2	\$19,152.00	\$9.58	\$34,536.00
3	\$20,280.00	\$10.14	\$36,672.00
4	\$21,504.00	\$10.75	\$38,808.00
5	\$22,560.00	\$11.28	\$40,800.00
6	\$23,712.00	\$11.86	\$42,816.00
7	\$24,864.00	\$12.43	\$45,000.00
8	\$26,352.00	\$13.18	\$47,688.00
9	\$28,200.00	\$14.10	\$51,072.00
9C	\$29,270.00	\$14.64	\$52,686.00
10	\$29,904.00	\$14.95	\$54,216.00
11	\$31,320.00	\$15.66	\$56,904.00
12	\$32,880.00	\$16.44	\$59,712.00
13	\$34,896.00	\$17.45	\$63,408.00
14	\$36,672.00	\$18.34	\$66,576.00
15	\$38,808.00	\$19.40	\$70,632.00
16	\$41,160.00	\$20.58	\$74,952.00
17	\$43,656.00	\$21.83	\$77,952.00
18	\$46,320.00	\$23.16	\$82,704.00
19	\$49,128.00	\$24.56	\$87,744.00
20	\$51,600.00	\$25.80	\$92,160.00

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 4.**

Subject:	Human Resources: Award of Continuing Contracts
Meeting Date:	June 9, 2020

RECOMMENDATION: It is recommended that the District Board of Trustees approve continuing contract status for the following full-time faculty members, effective with the 2020-21 faculty contract year.

<u>Name</u>	<u>Title</u>
Wendy Arp	Professor of Mathematics/Adult Education
Pearl Wharton-Gill	Professor of Science/Adult Education

BACKGROUND: Pursuant to State Board of Education Rule 6A-14.0411, *Employment Contracts for Full-Time Faculty*, the Board shall provide a continuing contract to eligible instructional employees who meet the established minimum requirements.

Article 13, *Continuing Contracts*, of the Collective Bargaining Agreement (CBA) between The District Board of Trustees of Florida State College at Jacksonville and the United Faculty of Florida – Florida State College at Jacksonville stipulates the guidelines, criteria and process for application.

RATIONALE: These faculty members have demonstrated a standard of excellence and commitment to the College, its philosophy and mission, consistent with established criteria for the award of continuing contract.

FISCAL NOTES: There is no economic impact as a result of this action.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 5.**

Subject:	Human Resources: Florida College System Annual Equity Update Report
Meeting Date:	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the submission of the College's 2019-20 Annual Equity Update Report to the Florida Department of Education as required by Florida Statute.

**BACKGROUND:** The College is required annually to provide a status report of efforts made to comply with Florida Statutes as they relate to nondiscrimination and equal access to postsecondary education and employment. The Annual College Equity Update Report serves to document efforts by each college in the Florida College System to meet federal laws related to civil rights and nondiscrimination in the treatment and admission of students and employees. The Report includes a review of:

- Policies and Procedures
- Strategies to Overcome Underrepresentation of Students
- Substitution Waivers for Admissions and Course Substitutions for Eligible Students with Disabilities
- Gender Equity in Athletics
- College Employment Equity Accountability Plan

Florida Department of Education (FLDOE) requires assurance of compliance with certain Federal laws that prohibit discrimination or denial of services based on race, color, national origin, gender or disability. Florida's public colleges are required, in part, to include in their reports plans to increase diversity among its students and employees, and to develop methods and strategies to increase the participation of students of a particular race, ethnicity, national origin, gender, disability, or marital status in programs and courses in which they may have been traditionally underrepresented.

A copy of the full Report has been provided to Trustees individually.

**RATIONALE:** The item is presented to inform the District Board of Trustees of the requirements of the Community College Educational Equity Act and to comply with the reporting requirements.

**FISCAL NOTES:** The item has no economic impact.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 6.**

Subject:	Finance: Fees and Charges
Meeting Date:	June 9, 2020

RECOMMENDATION: It is recommended that the District Board of Trustees approve the fee change for the following courses to be effective Fall Term 2020-2021, pursuant to Board Rule 6Hx7-4.19.

<b>Course Number</b>	<b>Course</b>	<b>Current Fee</b>	<b>Recommended Fee</b>
AST 1002L	Astronomy Laboratory	\$9.00	\$18.00
BSC 1005L	Biology Laboratory	\$9.00	\$18.00
BSC 2010C	Principles of Biology I	\$9.00	\$18.00
BSC 2011C	Principles of Biology II	\$9.00	\$18.00
BSC 2085C	Human Anatomy and Physiology I	\$9.00	\$18.00
BSC 2086C	Human Anatomy and Physiology II	\$9.00	\$18.00
CHM 1025C	Introduction to General Chemistry	\$9.00	\$18.00
CHM 1032C	Principles of General Chemistry	\$9.00	\$18.00
CHM 2045C	General Chemistry and Qualitative Analysis I	\$9.00	\$18.00
CHM 2046C	General Chemistry and Qualitative Analysis II	\$9.00	\$18.00
CHM 2210C	Organic Chemistry I	\$9.00	\$18.00
CHM 2211C	Organic Chemistry II	\$9.00	\$18.00
ESC 1000L	Earth and Space Science Laboratory	\$9.00	\$18.00
OCB 2000C	Fundamentals of Marine Biology	\$9.00	\$18.00
OCE 2001L	Oceanography Laboratory	\$9.00	\$18.00
PHY 2048C	Physics I With Calculus	\$9.00	\$18.00
PHY 2049C	Physics II With Calculus	\$9.00	\$18.00
PHY 2053C	General Physics I	\$9.00	\$18.00
PHY 2054C	General Physics II	\$9.00	\$18.00
MCB 2010C	Microbiology	\$9.00	\$59.00



Subject: Finance: Fees and Charges  
(continued)

**BACKGROUND:** Florida Statutes 1009.22(9) Workforce education postsecondary student fees and 1009.23(12) Florida College System institution student fees allow the assessment of user fees. State Board Rule 6A-14.054(6), Student Fees, provides that each board of trustees may establish user fees in addition to tuition fees for services that incur unusual costs (specialized software and equipment, equipment and software maintenance, tests, kits, materials, insurance and others). These fees shall not exceed the cost of the goods or services provided and shall only be charged to students or agencies receiving those goods or services.

The special fees for the courses listed above have been re-evaluated. After the review of the consumables by the program, it is requested the current fees above to be increased based on the most recent costs submitted by the department for materials, laboratory products and services.

**RATIONALE:** The District Board of Trustees is authorized under Florida Statute 1009.22 and 1009.23 to establish fees to recover costs of services provided.

**FISCAL NOTES:** This will have no net fiscal impact on the College.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 7.**

Subject:	Finance: Fiscal Year 2019-20 Operating Budget Amendment No. 3
Meeting Date:	June 9, 2020

RECOMMENDATION: It is recommended that the District Board of Trustees approve Amendment No. 3 to the Fiscal Year 2019-20 Operating Budget.

<b><u>Budget Amendment #3, FY 2019-20</u></b>	<b>Current Budget</b>	<b>Changes</b>	<b>Revised Budget</b>
<b><u>Opening Reserves July 1, 2019</u></b>			
Designated Reserve for Insurance Programs	\$ 3,830,000		\$ 3,830,000
Unrestricted Board Reserve	12,795,974	\$	12,795,974
Total Reserves	\$ 16,625,974	\$ 0	\$ 16,625,974
Tuition and Fees	\$ 53,250,573		\$ 53,250,573
State Appropriations	78,816,797		78,816,797
Other Revenue	3,934,832		3,934,832
Total Revenue	\$ 136,002,202	\$ 0	\$ 136,002,202
Total Available Funds	<b>\$ 152,628,176</b>	<b>\$ 0</b>	<b>\$ 152,628,176</b>
Personnel	\$ 108,047,228	\$ -200,000	\$ 107,847,228
Current Expense	25,845,579	200,000	26,045,579
Transfers	1,304,104		1,304,104
Equipment	1,772,910		1,772,910
Total Expenses	\$ 136,969,821	\$ 0	\$ 136,969,821
<b><u>Year-end Reserves, June 30, 2020</u></b>			
Designated Reserve for Insurance Programs	\$ 3,830,000		\$ 3,830,000
Unrestricted Board Reserve	11,828,355	\$ 0	11,828,355
Total Reserves	\$ 15,658,355	\$ 0	\$ 15,658,355
Total Expenses and Reserves	<b>\$ 152,628,176</b>	<b>\$ 0</b>	<b>\$ 152,628,176</b>

BACKGROUND: The District Board of Trustees approved the College's Operating Budget on June 11, 2019, approved Budget Amendment No. 1 on September 10, 2019 and Budget Amendment No. 2 on February 11, 2020.

This budget amendment transferring \$200,000 is due to added expenses related to actions the College is taking to prevent the spread of COVID-19.

RATIONALE: State Board of Education Rule 6A-14.071 authorizes college boards to amend budgets in compliance with laws, rules, and accepted educational and fiscal principles.

FISCAL NOTES: There is no effect to the total Fiscal Year 2019-20 Operating Expenditure Budget.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 8.**

Subject:	Finance: Fiscal Year 2020-21 College Budget
Meeting Date:	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the College's 2020-21 Operating Budget at \$136,655,014 as summarized below. The budget document will be available at the June 9, 2020 Board meeting for review.

<u>Revenue Budget</u>	
Tuition and Fees	\$53,288,868
State Appropriations	79,184,792
Other	<u>4,181,354</u>
Total Revenue	\$136,655,014
<u>Expense Budget</u>	
Personnel	\$108,614,307
Current Expense	26,520,554
Equipment	<u>1,520,154</u>
Total Expense	\$136,655,015
<u>Closing Balances</u>	
Designated Reserves for Insurance Programs	\$3,830,000
June 30, 2021 Unrestricted Board Reserves	<u>11,628,354</u>
Total Reserves	\$15,458,354

**BACKGROUND:** The Fiscal Year 2020-21 Operating Budget has been prepared in accordance with State Board of Education Rule 6A-14.0716, Florida Statutes 1001.64 and 1011.30, and Section 15.2 of the State Accounting Manual for Florida's Public Community Colleges.

**RATIONALE:** The College is required by State Board of Education Rule and Florida Statute to annually prepare its budget for approval by the District Board of Trustees and submission to the Chancellor of Florida Colleges no later than June 30, 2019. The budget was prepared using fee rates in conformity with fees authorized by the Florida Legislature.

**FISCAL NOTES:** The Fiscal Year 2020-21 Operating Budget is established at \$136,655,014.

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 9.**

Subject:	Finance: Fiscal Year 2020-21 Capital Outlay Budget
Meeting Date:	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the Fiscal Year 2020-21 Capital Outlay Budget.

**BACKGROUND:** The Fiscal Year 2020-21 Operating Budget has been prepared in accordance with State Board of Education Rule 6A-14.0716, Florida Statutes 1001.64 and 1011.30, and Section 15.2 of the State Accounting Manual for Florida’s Public Community Colleges.

**RATIONALE:** Florida Statute 235.18 and State Board of Education Rule 6A-14.0716(6) state that as part of the official budget, community college trustees shall adopt a capital outlay budget for the capital outlay needs of the college. The proposed budget encompasses projects to maintain facilities, to update the most critical HVAC and structural needs, and to renovate priority academic labs. This budget shall designate the proposed capital outlay expenditures by project for the year from all fund sources.

**FISCAL NOTES:** The Fiscal Year 2020-21 Capital Outlay Budget is established at \$35,712,105.

## 2020-21 Capital Outlay Budget

<b><u>Total Funds by Source</u></b>	<b>Proposed 2020-21 Budget</b>	<b>2019-20 Budget</b>
Capital Improvement Fee Budget	\$ 9,800,393	\$ 7,158,248
Capital Outlay & Debt Service (CO&DS) Budget	\$ 2,258,557	\$ 1,792,629
Transfer Fund Budget	\$ 12,975,982	\$ 12,912,934
Local Funds	\$ 10,236,250	\$ 11,938,712
Guaranteed Energy Performance Loan	\$ 124,650	\$ 2,860,101
PECO Maintenance Budget (Sum of Digits)	\$ 316,273	\$ 941,544
<b>Total Capital Outlay Budget</b>	<b>\$ 35,712,105</b>	<b>\$ 37,604,168</b>
<b><u>Project Budgets</u></b>		
<b>Capital Improvement Fee Projects</b>		
Collegewide Signage	\$ 125,463	\$ 228,040
IT Infrastructure	\$ 1,392,019	\$ 1,201,102
Computer Lab Refresh	\$ 1,327,059	\$ 1,104,477
Energy Performance Upgrades	\$ 857,562	\$ -
South Campus Building U Roof Replacement	\$ 394,500	\$ 121,629
North Campus Building C Atrium Roof Repair	\$ 56,000	\$ -
HVAC Upgrades	\$ 1,181,465	\$ 473,840
Guaranteed Energy Performance Contract	\$ 42,243	\$ 806,933
Repair Fire Academy Burn Building	\$ 150,000	\$ -
Replace Fire Academy Burn Pit	\$ 104,639	\$ 206,500
Recurring Maintenance	\$ 2,401,129	\$ 1,998,115
Infrastructure Repair and Replacement	\$ 819,999	\$ 1,017,612
Additional Parking Lot Cameras on Campuses	\$ 246,735	\$ -
North Campus Non-Instructional Space Relocation	\$ 251,580	\$ -
Kent Campus Elevator Replacement	\$ 450,000	\$ -
<b>Total Capital Improvement Fee Budget</b>	<b>\$ 9,800,393</b>	<b>\$ 7,158,248</b>
<b>Capital Outlay &amp; Debt Service (CO&amp;DS) Projects</b>		
Dental Classrooms Renovation	\$ 2,000,000	\$ 1,200,000
Infrastructure Repair and Replacement	\$ -	\$ 310,145
ADA Upgrades	\$ 258,557	\$ 282,484
<b>Total CO&amp;DS Budget</b>	<b>\$ 2,258,557</b>	<b>\$ 1,792,629</b>
<b>Transfer Funded Projects</b>		
Collegewide Signage	\$ 187,878	\$ 336,032
Classroom Technology Upgrades	\$ 788,104	\$ 576,902
Emergency Hurricane Recovery	\$ 12,000,000	\$ 12,000,000
<b>Total Transfer Funded Budget</b>	<b>\$ 12,975,982</b>	<b>\$ 12,912,934</b>

**Project Budgets**

	<b>Proposed</b>	
<b>Local Funds Projects</b>	<b>2020-21 Budget</b>	<b>2019-20 Budget</b>
Dental Classrooms Renovation	\$ 1,320,434	\$ 1,800,000
Infrastructure Repair and Replacement	\$ 51,404	\$ 281,117
IT Maintenance Local	\$ 1,555,426	\$ 3,283,609
URC Repair Building Envelope	\$ 335,000	\$ -
North Campus Kalwall Replacement	\$ 400,000	\$ -
Emergency HVAC Replacement	\$ 1,500,000	\$ 1,500,000
Emergency Structural Repair	\$ 1,073,986	\$ 1,073,986
Emergency Hurricane Recovery	\$ 4,000,000	\$ 4,000,000
<b>Total Local Fund Budget</b>	<b>\$ 10,236,250</b>	<b>\$ 11,938,712</b>
<b>Guaranteed Energy Performance Contract</b>		
Guaranteed Energy Performance Contract	\$ 124,650	\$ 2,860,101
<b>Total Energy Performance Budget</b>	<b>\$ 124,650</b>	<b>\$ 2,860,101</b>
<b>PECO Maintenance (Sum of Digits)</b>		
Recurring Maintenance	\$ 316,273	\$ 941,544
<b>Total PECO Maintenance Budget</b>	<b>\$ 316,273</b>	<b>\$ 941,544</b>
<b>Total Capital Outlay Budget</b>	<b>\$ 35,712,105</b>	<b>\$ 37,604,168</b>

**Florida State College at Jacksonville  
District Board of Trustees**

**AGENDA ITEM NO. A – 10.**

<b>Subject:</b>	Office of General Counsel: Proposed Ground Lease Agreement and Joint Education Agreement with San Jose Tech Charter High School
<b>Meeting Date:</b>	June 9, 2020

**RECOMMENDATION:** It is recommended that the District Board of Trustees approve the College negotiating a proposed Ground Lease Agreement with San Jose Tech Charter High School for the construction and operation of a charter school on the Cecil Center campus as well as a Joint Education Agreement.

**BACKGROUND:** River City Education Organization, Inc. was approved by the Duval County School Board to open a charter school, San Jose Tech Charter High School (San Jose Tech). The proposed charter school intends to have a focus on dual enrollment and specialized career and technical education pathways. San Jose Tech proposes some of its students will participate in the FSCJ Early Admit Pathway program and other students will complete the Career and Technical Education (“CTE”) Pathway to graduation. Furthermore, the charter school proposes its goal is to have 40% of its senior class in Early Admit Pathway programs and another 40% of its senior class in some form of CTE program with the College.

San Jose Tech approached the College to discuss the development, construction and operation of its charter school on the Cecil Center campus. San Jose Tech proposes to utilize approximately 12 acres of undeveloped land located at the Cecil Center. The College shall designate the proposed location at Cecil Center for the charter school. The proposed Ground Lease Agreement (“Agreement”) shall be for a period of 55 years. The proposed base rent amount per year is \$50,000. Rent payments are to commence in year 2 of the Agreement. At the end of Agreement term, improvements to the property revert to the College.

**RATIONALE:** The Agreement allows the College to provide educational opportunities for charter high school students through a variety of avenues, including dual enrollment, early education pathways, and career and technical education pathways.

**FISCAL NOTES:** The anticipated fiscal impact to the College is, at a minimum, approximately \$2,700,000.00 over a 55 year period.

May 22, 2020

**FLORIDA STATE COLLEGE AT JACKSONVILLE  
&  
SAN JOSE TECH CHARTER HIGH SCHOOL  
CECIL CENTER CAMPUS  
PROPOSAL & SUMMARY TERMS**

<b>Date:</b>	May 22, 2020
<b>School Name:</b>	San Jose Tech, approved public charter high school (approved by Duval County School Board on May 19, 2020)
<b>Location:</b>	12+/- acres of undeveloped land at FSCJ Cecil Center. Location to be approved by FSCJ so as to compliment the FSCJ Cecil Center Master Plan.
<b>School Size:</b>	Buildings, parking and athletic fields for 675 students with planned additional capacity for up to 1250 students
<b>Phasing of SJT Leasehold Improvements:</b>	SJT and its facility provider will phase construction to provide for enrollment growth of SJT students.
<b>Lessor:</b>	FSCJ
<b>Lessee:</b>	River City Education Inc., or its nominee affiliate
<b>Facility Provider:</b>	Taylor Smith, Project Finance & Development
<b>Ground Lease Term:</b>	55 years
<b>Lease Commencement Date:</b>	August, 2020 with construction start in late Q4 2020
<b>Rent Commencement Date:</b>	July 1, 2021
<b>School Operations Commencement:</b>	August, 2020
<b>Ground Rent:</b>	\$50,000 per year, which will be offset by the SJT payments to FSCJ for dual enrollment and CTE program costs
<b>Indemnification of FSCJ:</b>	FSCJ will not be financially liable for any of the SJT capital costs, including sitework and building costs, nor for any SJT operating costs. The ground lease will provide all the protections to FSCJ as owner of the land and lessor including insurance requirements, FSCJ approvals for any site and building designs and improvements, indemnifications, use restrictions, policies and practices, etc.
<b>Ground Lease Terms &amp; Conditions:</b>	Substantially as set out in the approved and executed 2019 ground lease, executed between Daytona State College and Southeast Volusia Sci-Tech charter middle/high school.



## **Proposal Background:**

FSCJ and San Jose Tech charter high school (SJT) have had preliminary discussions regarding the establishment of the new SJT campus at the FSCJ Cecil Center. SJT will be the second North Florida campus of the existing A-rated public charter school network owned and operated by River City Education Inc., a Jacksonville based 501(c)3 Florida nonprofit organization. SJT, in partnership with its Jacksonville based experienced facility provider, approached FSCJ with a proposed use of an undeveloped portion of the FSCJ Cecil Center property through a long term ground lease for the development of the new SJT charter high school campus. The 55 year ground lease would consist of approximately 12 acres of undeveloped idle land that is partially wooded. This portion of the 124 acre Cecil Center campus has not been designated for any future use in the latest 5 year FSCJ Master Plan. The SJT facility provider has extensive prior experience with similar joint use projects including a similar project underway at Daytona State College's Edgewater/New Smyrna Beach campus with a public charter middle-high school in Volusia County.

The Cecil Center SJT campus would serve public charter school students in grades 9 through 12 with a focus on dual enrollment and specialized career and technical education (CTE) pathways. Some students will participate in the FSCJ Early College pathway and many students will complete the CTE Pathway to Graduation. The SJT campus will provide capacity for 675 students at full enrollment, with 175 students per grade in grades 9-11 and 150 students in grade 12. The SJT campus will also include additional site plan capacity to increase enrollment to meet student demand up to 1250 students. All students will take at least one dual enrollment course every year. The goal is to have 40% of our senior class in early college with another 40% in some form of CTE program with FSCJ.

## **Benefits to FSCJ**

1. **Value creation on FSCJ unimproved land and catalyst for Cecil Center Campus:** FSCJ endeavors to create value from the use of this unimproved portions of the land at Cecil Center that will provide financial benefit and further its overall mission. SJT with its facility provider will finance and construct, at its sole cost and expense, a \$11MM to \$12MM educational facility including classroom facilities, labs, administrative spaces together with parking and an athletic field. No costs, debt or liabilities will be incurred by FSCJ.
2. **Shared Facility Use, Dual Enrollment and Early College:** As part of the consideration of the lease, FSCJ and SJT will enter into a Joint Education Agreement (JEA) which will provide shared use of facility space between FSCJ and SJT, for dual enrollment, early college and vocational training post-secondary certificate programs.
3. **Ground Lease Payment:** In the event that a JEA is not in effect for any particular year, SJT will make a \$50,000 cash payment to FSCJ as a base ground lease amount.
4. **Grant Opportunities:** SJT will pursue grant opportunities for both FSCJ and SJT that are applicable to the secondary/post-secondary collaboration, including CTE equipment grant funding.
5. **Financial safeguards and protections for FSCJ:** FSCJ will not be financially liable for any of the SJT capital costs, including sitework and building costs, nor for any SJT operating costs. The ground lease will provide all the protections to FSCJ as owner of the land and lessor including insurance requirements, FSCJ approvals for any site and building designs and improvements, indemnifications, use restrictions, policies and practices, etc.

6. **Reuse of Facility in event School is not successful during ground lease term:** The ground lease will include the process for reletting the facility if the school is not successful. FSCJ will have the option, but not the requirement, to take over the facility as set out in the ground lease. The Daytona State College - Southeast Volusia Sci-Tech agreement is a good template that covers these items.
7. **FSCJ approval of site plan and SJT facility design:** FSCJ will appoint a representative to be part of the school's design committee for the exterior of the facility and campus landscaping, layout, etc. Also, the ground lease will provide that all site layout and designs are approved by FSCJ prior to submission to the COJ for permits. SJT and its facility provider will be responsible for 100% of all design, permitting and improvement costs of the SJT campus.
8. **FSCJ use some of school facilities when not in use by the school (i.e. evening classes or weekend college):** The joint use of facilities between FSCJ and the school and cost sharing will be woven into the ground lease as a concept and anticipates a supplemental agreement for shared use of facilities through the Joint Education Agreement ("JEA"). The shared use may vary from year to year based on the college and school's operational needs.
9. **Security:** The ground lease addresses security requirements. The ground lease from Daytona State College - SciTech as a starting point, and San Jose Tech has expertise and is a thought leader in this area.
10. **CTE programs the school plans to include in its offering to students:** Aviation, Transportation and Logistics, and Information technology to start with the plan for the school to enter into a dual enrollment articulation agreement with FSCJ as well.
11. **Buildings and campus at no cost to FSCJ:** Assets revert to FSCJ at end of ground lease term. The SJT campus and all facilities will revert to FSCJ at the end of the ground lease term at no cost to FSCJ.

**Florida State College at Jacksonville  
District Board of Trustees**

**INFORMATION ITEM I – A.**

Subject:	Human Resources: Personnel Actions
Meeting Date:	June 9, 2020

**INFORMATION:** The Personnel Actions since the previous Board Meeting are presented to the District Board of Trustees for information.

**BACKGROUND:** This listing provides the District Board of Trustees a timely notification of all recently hired personnel.

**FISCAL NOTES:** The costs of all personnel actions are covered by the College's annual salary budget or from grant or auxiliary funding.

**Faculty, Administrative, Professional and Career Appointments Since Previous Board Meeting  
as of June 9, 2020**

**Faculty Full-Time Appointments**

Fahlgren	Kimberly
Wakefield	Bryce

**Job Title**

Professor of Occupational Therapy Assistant  
Professor of Mathematics

**A&P Full-Time Appointments**

Chan	Elizabeth
McClain	Elizabeth
Rivers	James
Sutton	Julie-Anne
Sylvester	Danielle

**Job Title**

Department Chair  
Director of Project Budgeting and Accounting  
Development Officer  
Department Chair  
Development Officer

**Career Full-Time Appointments**

Anderson	Nala
Howard	James
Lemarque	Roger
Litchfield	Michael
McGahee	Wendall
Owens	Doralynn
Pineiro-Gerbase	Kara
Shines	Sandra
Totty	Jan
Vaughns	Patricia
Washington	Shakatie
Watson	Shawniece

**Job Title**

Case Manager/Career Specialist  
Microcomputer Specialist  
Microcomputer Specialist  
Student Support Coordinator  
Case Manager/Career Specialist  
Academic and Career Advisor  
Administrative Specialist - Student Success  
Integrated Systems Specialist  
Instructional Support Specialist  
Assessment Coordinator  
Plant Service Worker  
Financial Aid Advisor I

**Career Part-Time Appointments**

Miller	Shawniselynn
Rodriguez	Maria

**Job Title**

Program Facilitator III  
Test Proctor

**Florida State College at Jacksonville  
District Board of Trustees**

**INFORMATION ITEM I – B.**

<b>Subject:</b>	Finance: Direct Support Organization Checklist and Annual Audit for the Fiscal Year Ended September 30, 2019
<b>Meeting Date:</b>	June 9, 2020

**INFORMATION:** The annual financial audit for Florida State College at Jacksonville Foundation, Inc. for the fiscal year ended September 30, 2019, and the attached audit checklist, is submitted to the District Board of Trustees for review pursuant to F.S. 1004.70(6). The full audit report, IRS Form 1023, and IRS Form 990 will be available at the meeting.

**BACKGROUND:** The Foundation must submit for review its annual financial audit to the Office of the Auditor General, the State Board of Education, and the Florida State College at Jacksonville District Board of Trustees within 9 months of its fiscal year end.

The audit was prepared by Dixon Hughes Goodman LLP in accordance with rules adopted by the Auditor General pursuant to s. 11.45(8). In the opinion of the auditor, “the annual financial audit of the Foundation presents fairly, in all material respects, the financial position of the Foundation as of September 30, 2019, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.”

**MANAGEMENT DISCUSSION AND ANALYSIS:** The year-to-year increase in current assets is largely ascribable to accounts receivable due from the College of \$7,875,996 associated with unearned revenue from prepaid subscribers and advance ticket sales for the 2019 Artist Series season.

The 3% increase in investments from \$53.6 million to \$54.7 million results largely from an increase in the fair value of certain endowed assets during the year ended September 30, 2019, as was the 7% increase in investments from \$50.3 million to \$53.6 million for the year ended September 30, 2018.

Total liabilities from the 2018 period to 2019 period increased by 185%, from \$3.1 million to \$8.9 million, and can be attributed to the increase in unearned ticket revenues associated with Artist Series’ activities in both years.

Net position at September 30, 2019, which consist of assets restricted by donors, quasi endowments restricted as matching funds and for operational needs, and unrestricted amounts available for operational purposes, totaled \$56.3 million, an increase of \$1.4 million, or 2% from total net position of \$54.9 million as of September 30, 2018.

**RATIONALE:** Submission and review of the Foundation’s annual financial audit and audit checklist to the District Board of Trustees is in compliance with F.S. 1004.70(6).

**FISCAL NOTES:** There is no fiscal impact to the College associated with acceptance of the audit.

**DIRECT-SUPPORT ORGANIZATIONS (DSO) AUDIT REVIEW CHECK LIST****DSO NAME: Florida State College at Jacksonville Foundation, Inc.****Beginning October 1, 2018 and Ending September 30, 2019**

## COLLEGE PRESIDENT'S RESPONSE TO DSO AUDIT:

1. In accordance with Section 1004.70(2), Florida Statutes (F.S.), did the chair of the board of trustees appoint a representative to the board of directors and the executive committee of each direct-support organization established under section 1004.70, Florida Statutes?

YES  NO NAME OF APPOINTEE: Dr. Jennifer D. Brown

2. In accordance with section 1004.70(2), F.S., did the president or the president's designee serve on the board of directors and the executive committee of the college's direct-support organization?

YES  NO NAME OF APPOINTEE: Dr. Jennifer D. Brown

3. In accordance with section 1004.70(4)(c), F.S., did the board of trustees approve all transactions or agreements between one direct support organization and another direct support organization?

YES  NO  N/A 

4. In accordance with section 1004.70(4)(e), F.S., did the board of trustees authorize all debt, including lease-purchase agreements, incurred by the direct-support organization? (Authorization for approval of short-term loans and lease-purchase agreements for a term of not more than five years, including renewals, extensions, and refundings, for goods, materials, equipment, and services may be delegated by the board of trustees to the board of directors of the direct-support organization. Trustees shall evaluate proposals for debt according to guidelines issued by the Division of Florida Colleges. Revenues of the Florida College System institution may not be pledged to debt issued by direct-support organizations.)

YES  NO  N/A 

5. In accordance with section 1004.70(5), F.S., did this direct-support organization submit to the board of trustees a copy of its Internal Revenue Service (IRS) Letter of Continuance dated March 28, 2019 – which affirms the issuance of a determination letter in August 1973 recognizing the Foundation as tax-exempt under IRC Section 501(c)(3), and its IRS Return of Organization Exempt from Income Tax form (Form 990).

YES  NO

6. Did the board of trustees review the following issues and accept the annual audit?
- A. College support of direct-support organization's operating expenses.
  - B. Annual change in the direct-support organization's net assets.
  - C. Direct-support organization's ability to cover indebtedness (both current and projected).
  - D. Direct-support organization's internal controls.
  - E. Direct-support organization's compliance with Florida Statute.

YES  NO

7. If the direct-support organization expended \$500,000 or more in federal awards during the fiscal year, was an independent federal single audit performed as required pursuant to the *Single Audit Act Amendments of 1996 (Section 7502 (a)(1)(A))*; *OMB Circular A-133 (Part 3, Section M)*; the *Florida Single Audit Act (F.S. 215.97 (2)(a))*; or other applicable federal and state law?

YES  NO  N/A

**Florida State College at Jacksonville**

\_\_\_\_\_  
PRESIDENT (SIGNATURE)

\_\_\_\_\_  
DATE

Dr. John Avendano

(Print Name)

\_\_\_\_\_  
CHAIRMAN, BOARD OF TRUSTEES (SIGNATURE)

\_\_\_\_\_  
DATE

Thomas McGehee, Jr

(Print Name)

Please attach this checklist to the audit and return to:

The Florida College System Office  
Florida Department of Education  
325 West Gaines Street, Suite #1224  
Tallahassee, FL 32399-0400  
[flaudgen\\_localgovt@aud.state](mailto:flaudgen_localgovt@aud.state)

**Florida State College at Jacksonville  
District Board of Trustees**

**INFORMATION ITEM I – C.**

Subject:	Finance: Travel Report
Meeting Date:	June 9, 2020

INFORMATION: The following information is provided to the District Board of Trustees pursuant to Board Rule 6Hx7-4.23, Travel and Per Diem. There were two reimbursements for travel during the period January 01, 2020 – April 29, 2020 that exceeded \$2,000.

Name	Trip Purpose	Destination	Travel Dates	Number of Days	Travel Cost
David Singletary	rStudio Conference	San Francisco	01/26/2020 – 02/01/2020	7	\$2,559.09
Pamela Brauda	rStudio Conference	San Francisco	01/26/2020 – 02/01/2020	7	\$2,404.93

BACKGROUND: Board Rule 6Hx7-4.23 requires presentation of a listing of trips costing \$2,000 or more to the District Board of Trustees. The trips include only travel costs and not the registration fees for the conference attended.

RATIONALE: This listing provides the District Board of Trustees an opportunity to review College expenditures for trips \$2,000 and above. All expenditures are made according to the provisions of Florida Statute 112.061.

FISCAL NOTES: Travel expenses for these trips used Grant funds in the amount \$4,964.02.



**Florida State College at Jacksonville  
District Board of Trustees**

**INFORMATION ITEM I – D.**

<b>Subject:</b>	Finance: Investment Reports for Quarter Ended December 31, 2019
<b>Meeting Date:</b>	June 9, 2019

**INFORMATION:** The Investment Reports for the Surplus Fund Account (Operating Fund) and the Quasi Endowment Fund for the quarter ending December 31, 2019 are presented to the District Board of Trustees (DBOT) for information. This report was not available in time for the April meeting, hence the delay until June. The March 31, 2020 report is also included as a separate agenda item.

**BACKGROUND:** The investment objective of the Operating Fund is to maximize income while minimizing market rate risk, and to insure the availability of short-term liquidity to meet the cash flow needs of the College. Consistent with the DBOT approved Investment Policy Statement, the Operating Fund is invested largely in U.S. Treasury, Federal Agency/GSE, Federal Agency/CMO, high quality corporates, and mortgage backed securities with an average or effective duration of 2.20 years. The portfolio's quarterly total return performance of 0.63%, outperformed the benchmark performance of 0.56% by 0.07%. Over the past year, the Portfolio earned 4.02%, versus 4.73% for the benchmark.

The College utilizes the investment management services of PFM Asset Management LLC (PFM) for intermediate term fixed income investments. As of December 31, 2019, the College had surplus funds of approximately \$34.7 million under management with PFM.

Quasi Endowment Funds are derived largely from auxiliary activities. These funds are also managed by (PFM) and invested in a diverse portfolio of domestic and international equities, fixed income securities and cash equivalents. The account balance as of December 31, 2019 was \$5.5 million. The Quasi Endowment portfolio returned 7.36% (net of mutual fund fees) in the 4<sup>th</sup> quarter of 2019, compared to its policy benchmark return of 6.79%. Year-to-date, the portfolio returned 23.80%, compared to 22.90% for the benchmark. Since inception on July 1, 2016, the portfolio's annual return is 10.76%, compared to the benchmark return of 10.78%. In dollar terms, the portfolio gained \$381,394 in return on investment over the quarter, and gained \$1,069,357 year-to-date.

The Investment Performance Review for the quarter ending December 31, 2019 will be available at the District Board of Trustees meeting as information. The report is also reviewed at regular meetings of the District Board of Trustees Finance and Audit Committee.

**RATIONALE:** The sound investment of surplus funds and endowment funds can produce additional income to support the operations of the College and student financial aid programs while meeting the requirements of safety and liquidity.

**FISCAL NOTES:** As of December 31, 2019, the College had investment balances totaling \$40.2 million, which compares to \$40.6 million as of December 31, 2018.



# FSCJ

Florida State College  
at Jacksonville

## Investment Performance Review **SURPLUS FUNDS** For the Quarter Ended December 31, 2019

### Investment Advisors

Steven Alexander, CTP, CGFO, CPPT, Managing Director  
Robert Cheddar, CFA, Chief Credit Officer, Managing Director  
Richard Pengelly, CFA, CTP, Director  
Sean Gannon, CTP, Senior Analyst

### PFM Asset Management LLC

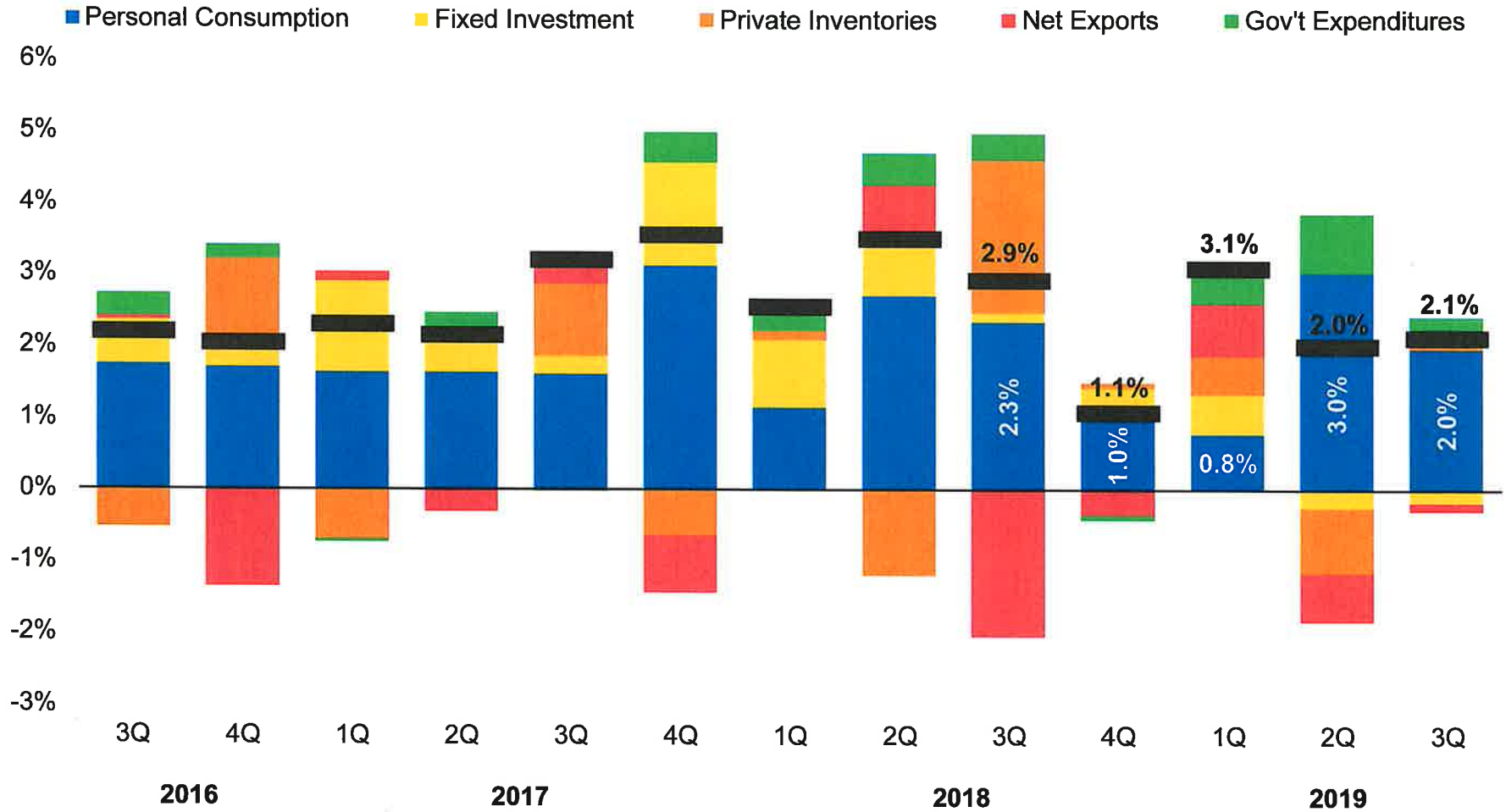
213 Market Street  
Harrisburg, PA 17101  
717.232.2723  
717.233.6073 fax

300 South Orange Avenue  
Suite 1170  
Orlando, FL 32801  
407.648.2208  
407.648.1323 fax

202000391

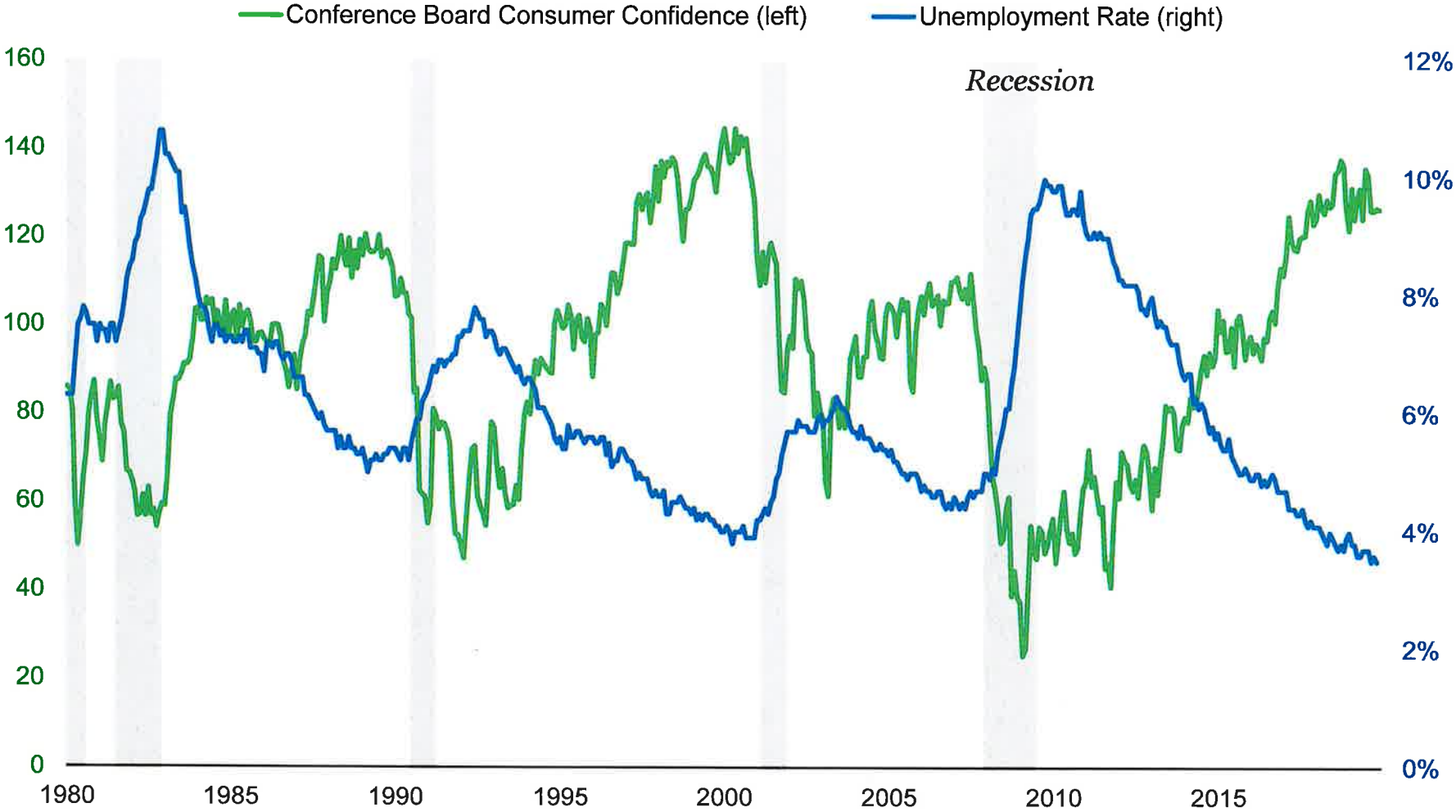
## The Consumer Remains the Main Driver of Economic Growth

### Components of U.S. GDP



Source: Bureau of Economic Analysis.

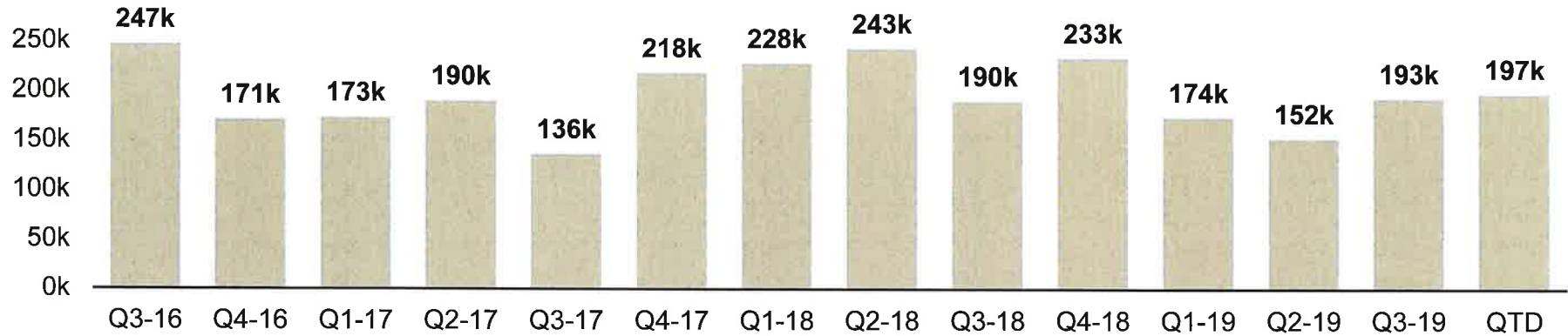
### Falling Unemployment Supports Improved Consumer Confidence



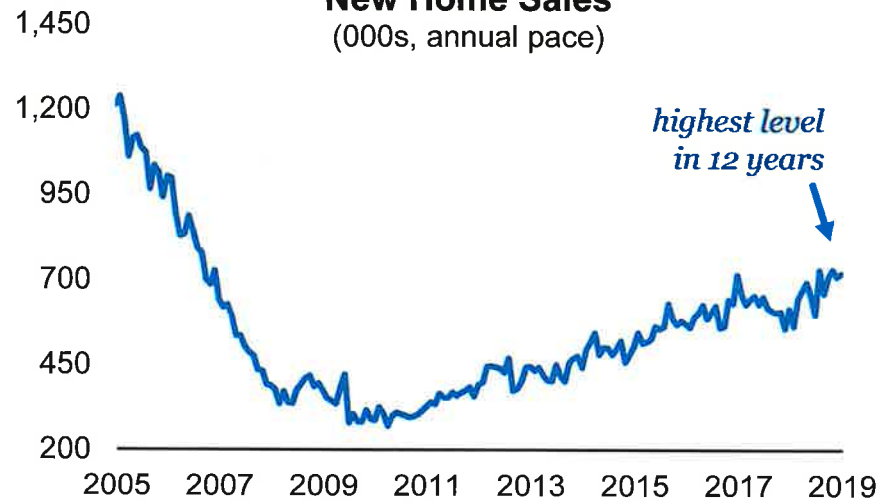
Source: Bloomberg, as of December 31, 2019.

## Improving Economic Data Supports the Fed's Hold

### Average Monthly Job Growth



### New Home Sales (000s, annual pace)



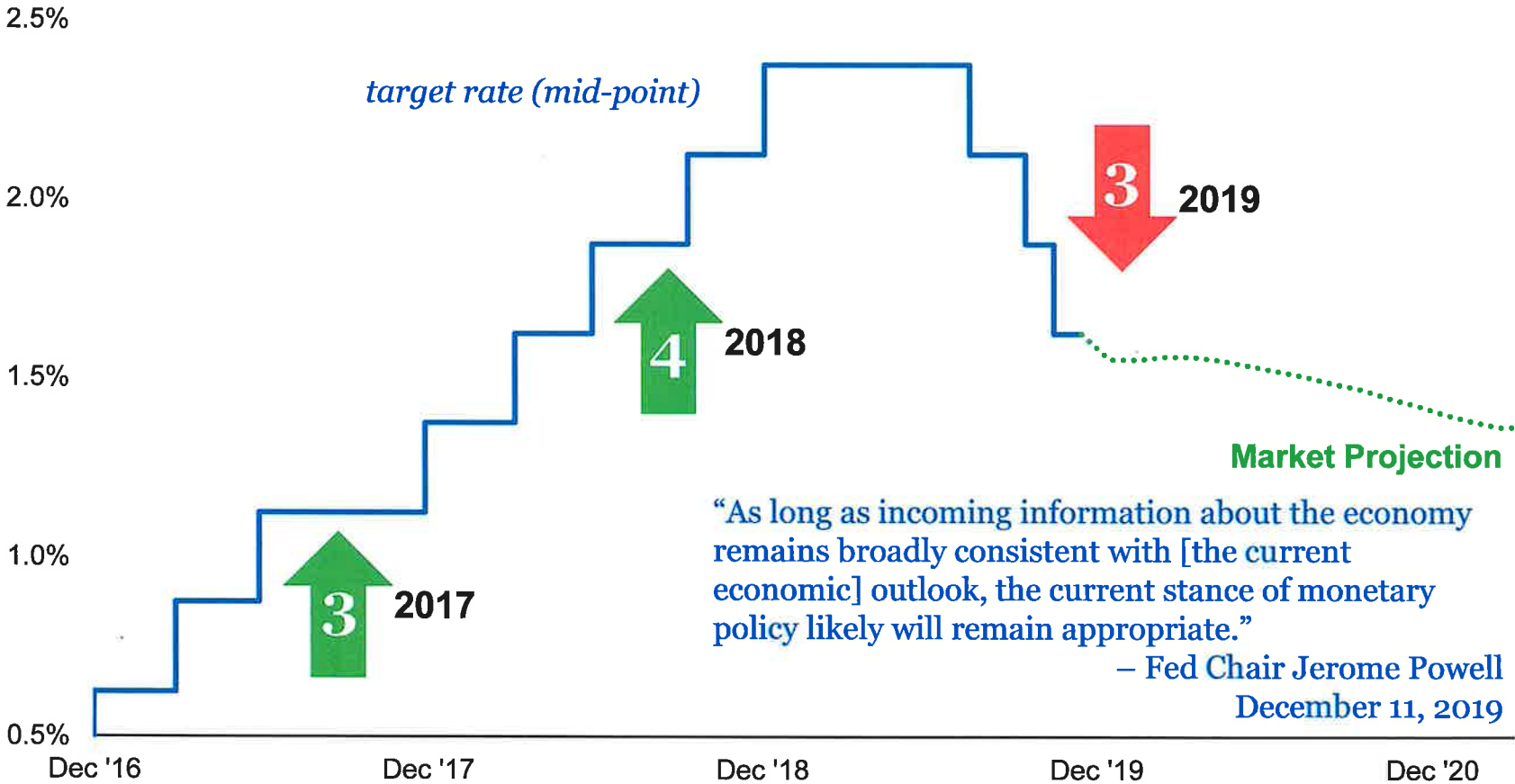
### Markit Manufacturing Activity Index



Source: Bloomberg, as of December 31, 2019. QTD includes data for October and November.

### The Fed Signals It Is Likely on Hold for an Extended Period of Time

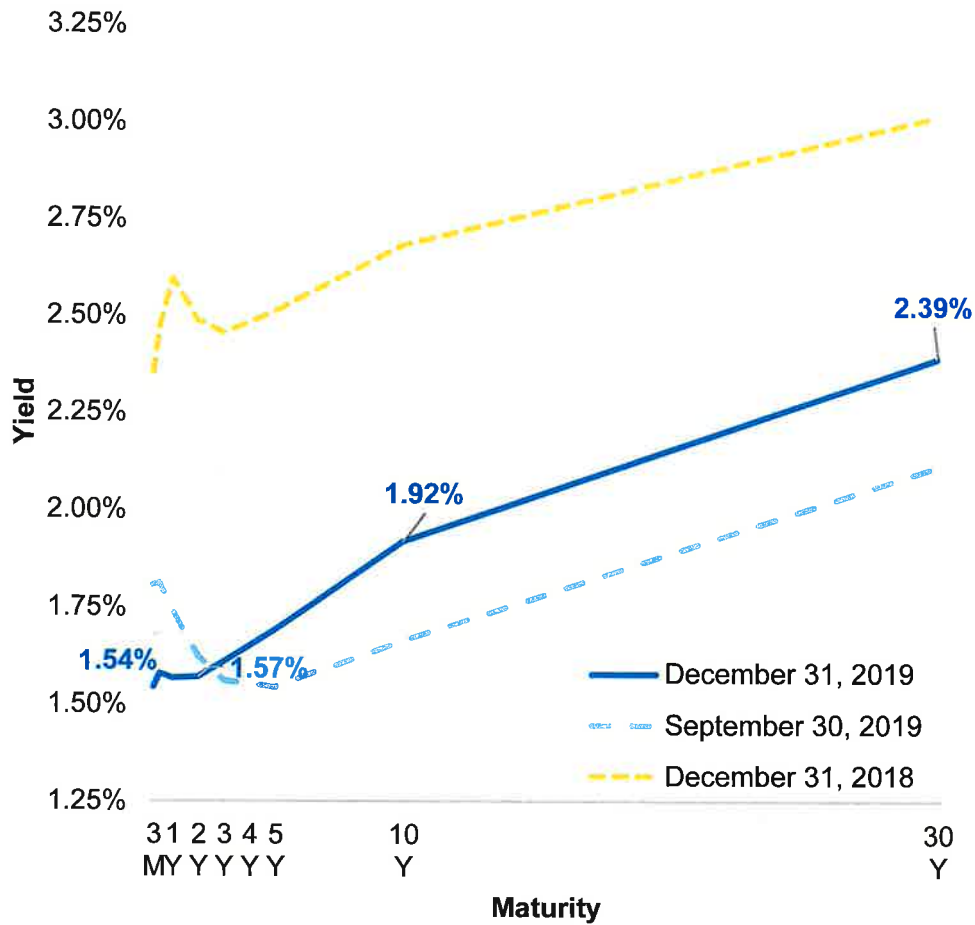
#### Federal Reserve Target Overnight Rate



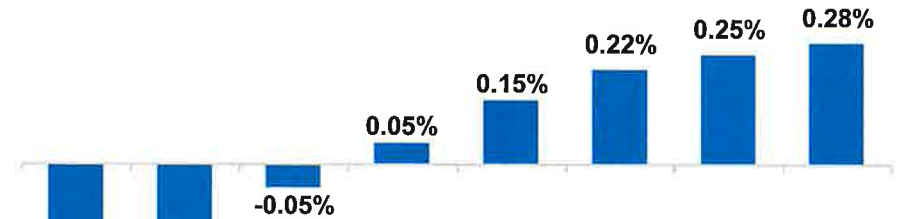
Source: Bloomberg. Market Projection as of December 31, 2019.

## Yields Fell in 2019 and the Curve Steepened in the Fourth Quarter

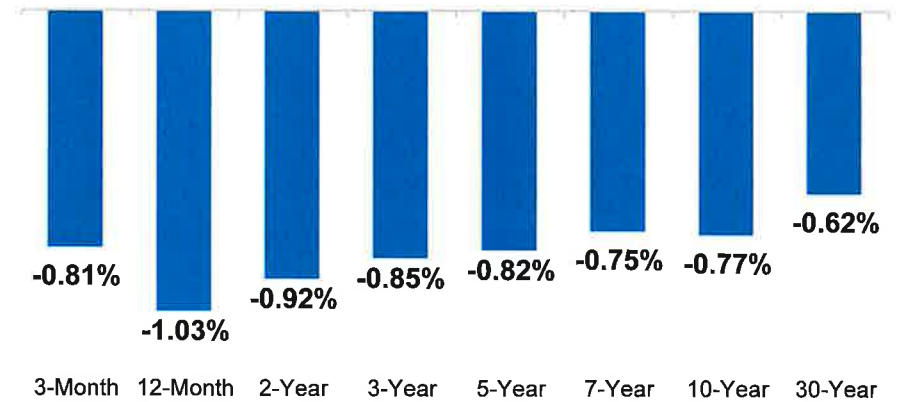
### U.S. Treasury Yield Curve



### Q4 Change in Yield

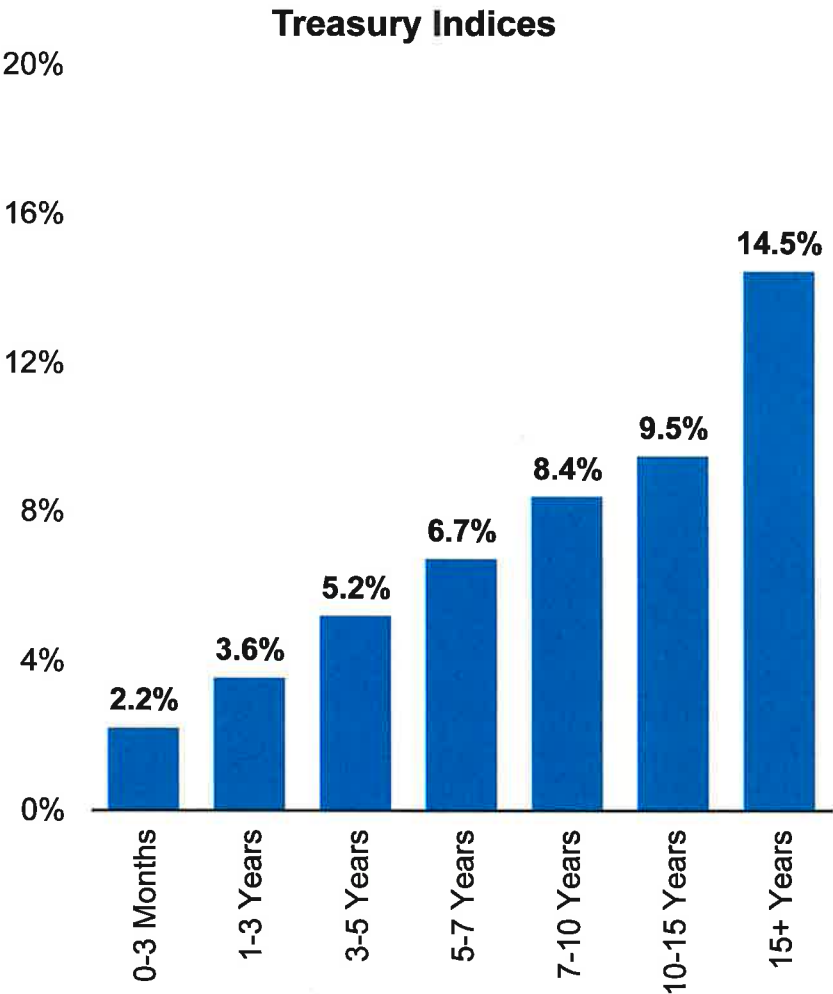
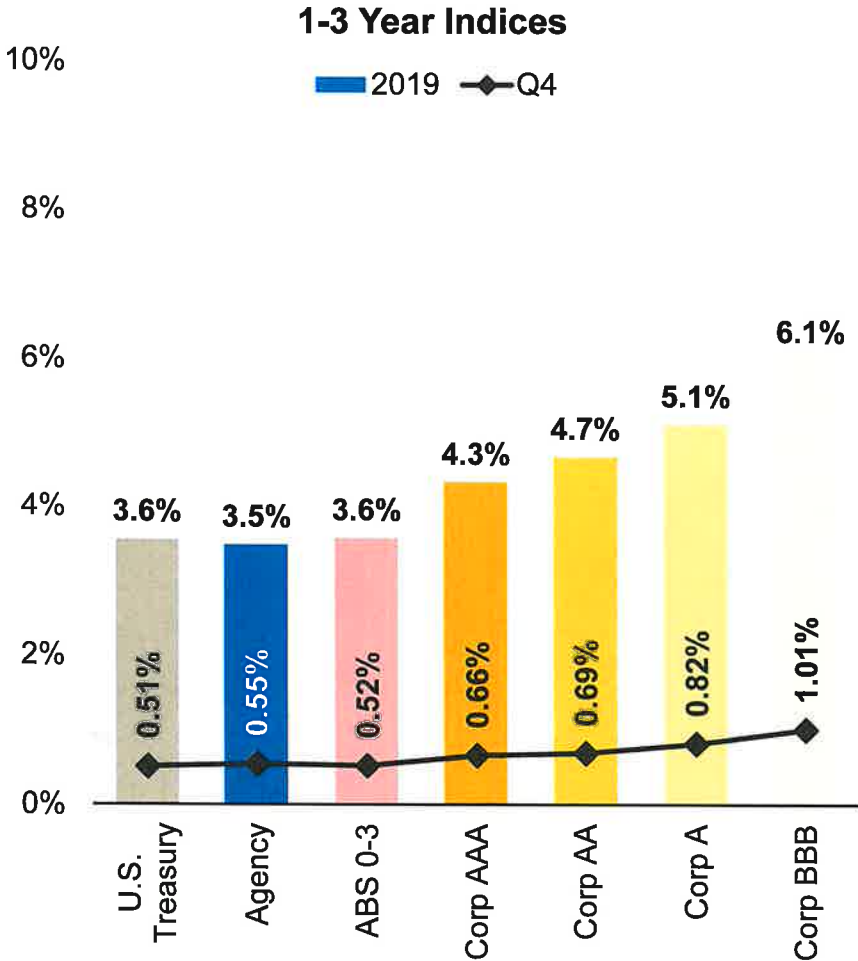


### YTD Change in Yield



Source: Bloomberg, as of December 31, 2019.

**Fixed Income Performance Strong for the Year**

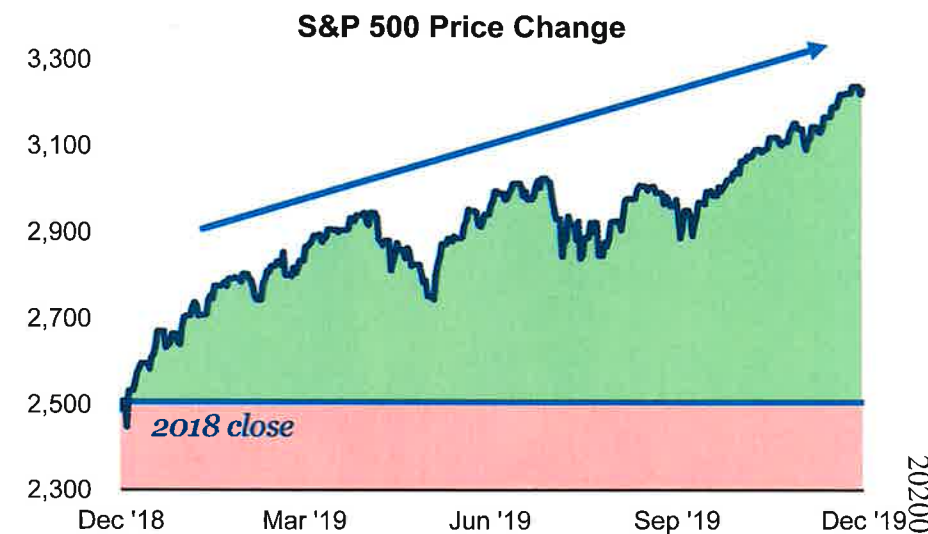
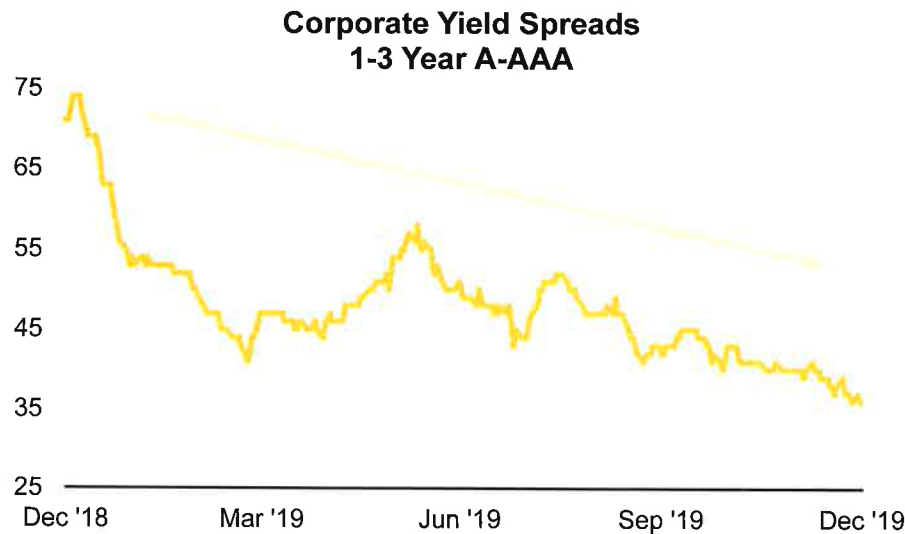
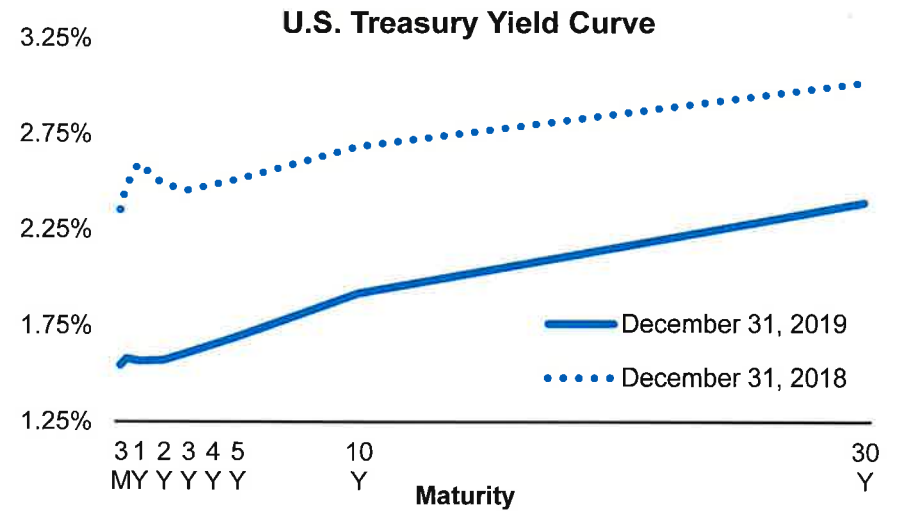


Source: Bloomberg, as of December 31, 2019.



### Major Moves in 2019

Federal Funds Target Range			
Year	Starting Range	Ending Range	# of Hikes/Cuts
2015	0.00%-0.25%	0.25%-0.50%	1 hike
2016	0.25%-0.50%	0.50%-0.75%	1 hike
2017	0.50%-0.75%	1.25%-1.50%	3 hikes
2018	1.25%-1.50%	2.25%-2.50%	4 hikes
<b>2019</b>	<b>2.25%-2.50%</b>	<b>1.50%-1.75%</b>	<b>3 cuts</b>



202000398

Source: Bloomberg, as of December 31, 2019.

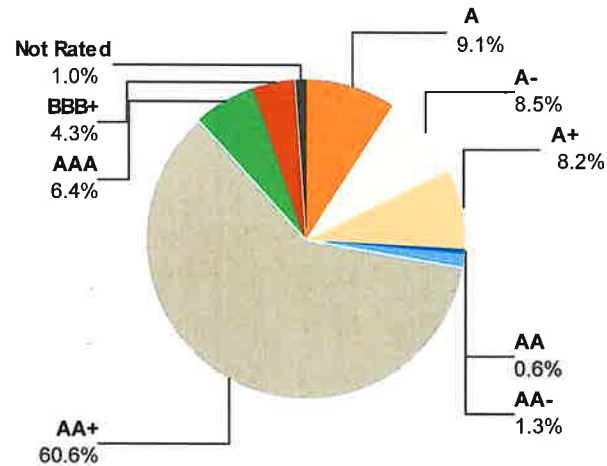
- The College's Operating Fund Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, federal agency/CMO, corporate note, asset-backed, and mortgage-backed securities.
- The Operating Fund Portfolio's quarterly total return performance of 0.63% outperformed the benchmark performance of 0.56% by 0.07%. Over the past year, the Portfolio earned 4.02%, versus 4.73% for the benchmark.
- Following three consecutive Fed rate cuts, we continued to maintain portfolio durations in line with benchmarks for the quarter as market expectations called for stable rates well into 2020.
- Maintained broad diversification across all permitted fixed income sectors. Although most sector spread levels were on the tighter end of their recent trading history, the incremental income was generally additive to performance in a range-bound interest rate environment in Q4.
- We expect the Fed to remain on hold for an extended period and rates to remain mostly range-bound in the near-term. As a result, we plan to continue a duration-neutral strategy relative to benchmarks.
- We continued to de-emphasize agencies and supranationals, generally reducing allocations in favor of other sectors. Value in federal agency and supranational issuers remained extremely limited, largely on scarce supply. Spreads remained near historically tight levels, capping both sectors' excess returns in Q4. In some instances, agencies were trading at yields less than similar maturity Treasuries. We also largely avoided callable agencies during the quarter as early redemption risk remained elevated.
- Short-term investors found opportunities from wider spreads on money market credit investments (commercial paper). Increased allocations to the sector at attractive levels helped cushion the impact of the Fed's lower overnight target rate.

**Portfolio Statistics**

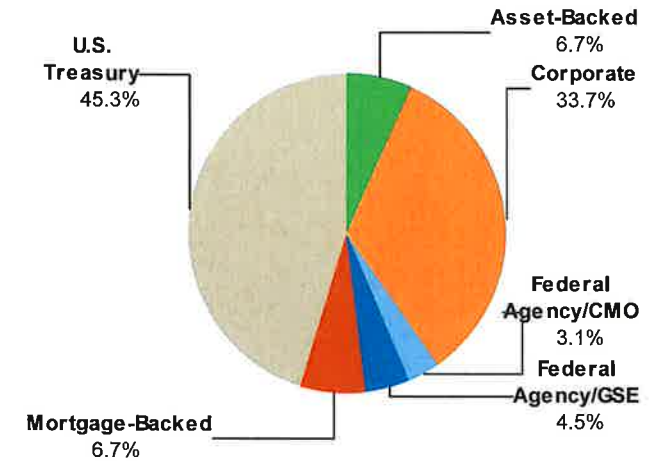
As of December 31, 2019

Par Value:	\$34,051,344
Total Market Value:	\$34,665,979
Security Market Value:	\$34,313,083
Accrued Interest:	\$142,905
Cash:	\$209,991
Amortized Cost:	\$34,227,403
Yield at Market:	1.79%
Yield at Cost:	1.91%
Effective Duration:	1.79 Years
Duration to Worst:	2.01 Years
Average Maturity:	2.73 Years
Average Credit: *	AA

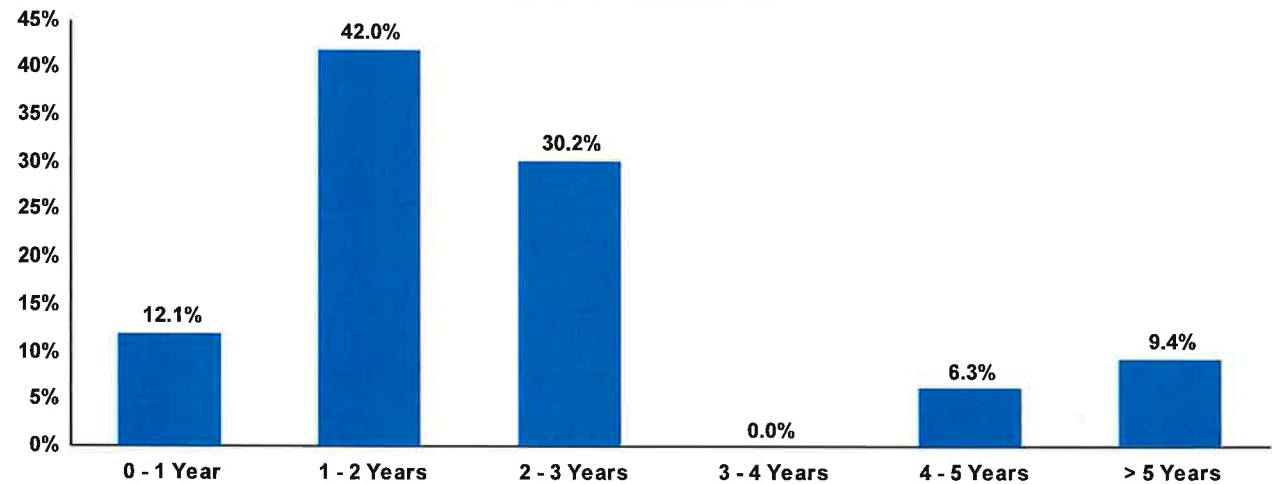
**Credit Quality (S&P Ratings)**



**Sector Allocation**



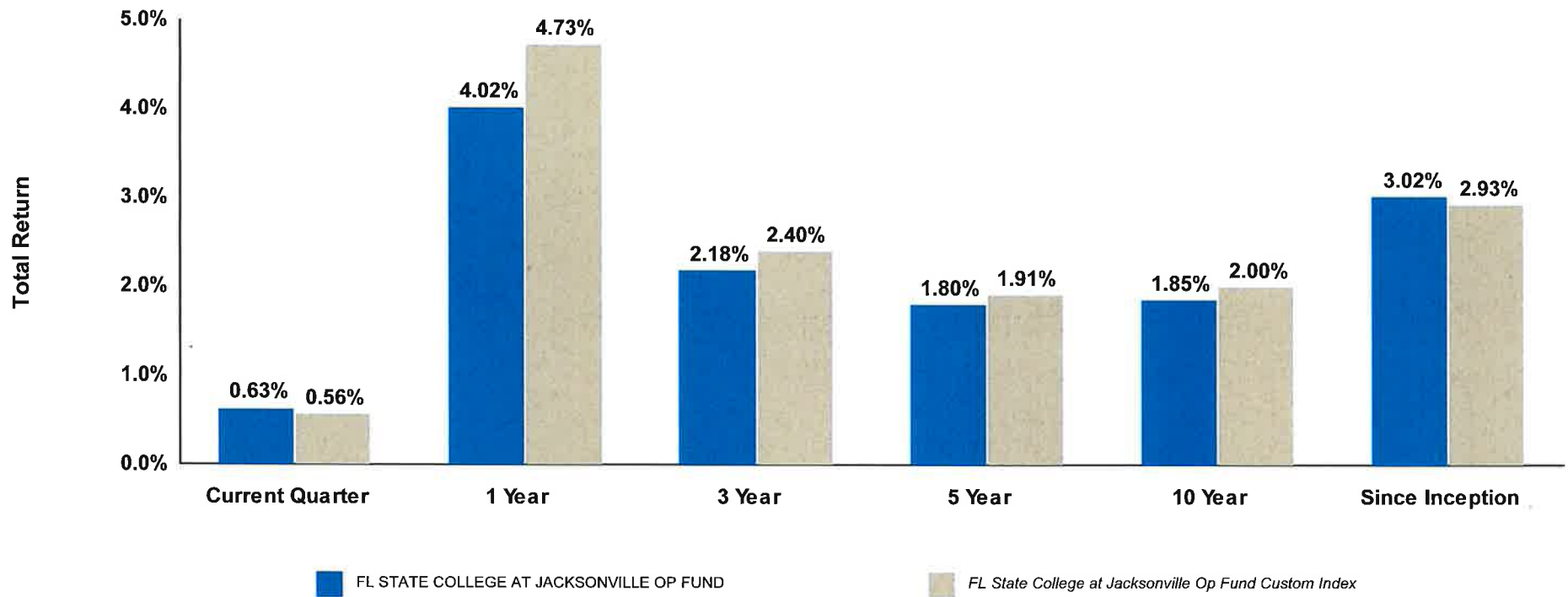
**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

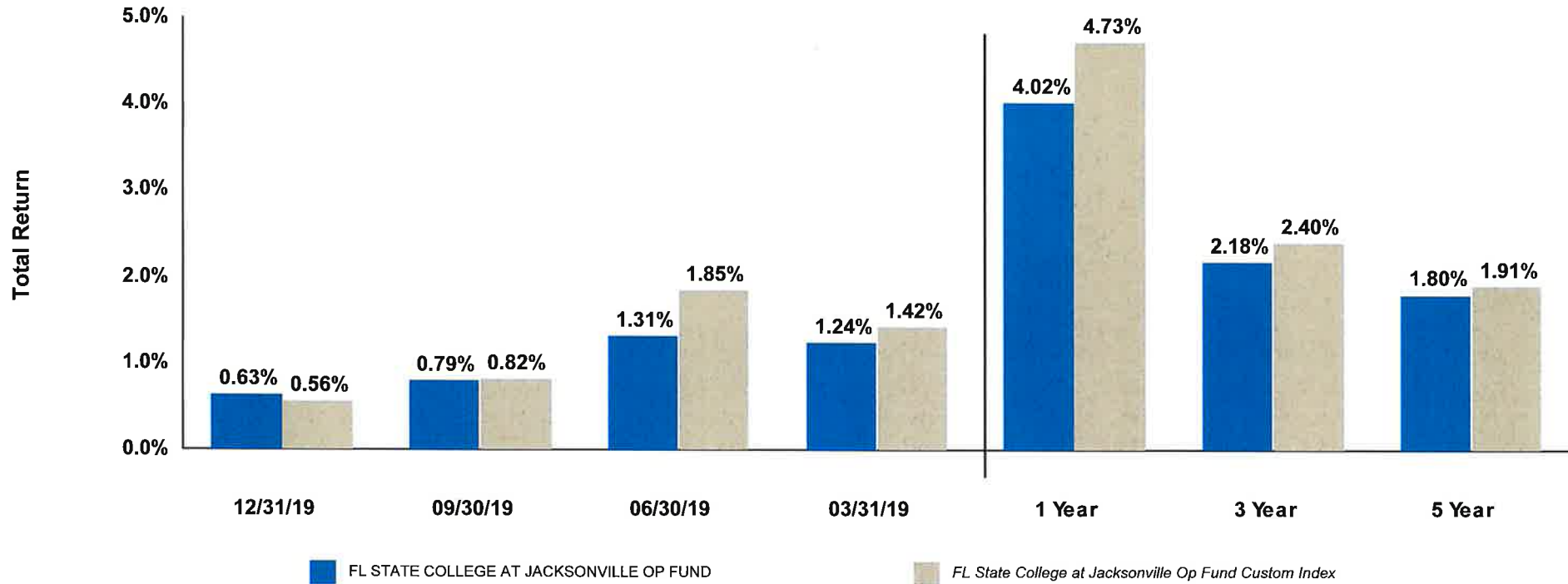
Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/06) **
			1 Year	3 Year	5 Year	10 Year	
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.79	0.63%	4.02%	2.18%	1.80%	1.85%	3.02%
FL State College at Jacksonville Op Fund Custom Index	1.78	0.56%	4.73%	2.40%	1.91%	2.00%	2.93%
Difference		0.07%	-0.71%	-0.22%	-0.11%	-0.15%	0.09%



Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		12/31/19	09/30/19	06/30/19	03/31/19	1 Year	3 Year	5 Year
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.79	0.63%	0.79%	1.31%	1.24%	4.02%	2.18%	1.80%
FL State College at Jacksonville Op Fund Custom Index	1.78	0.56%	0.82%	1.85%	1.42%	4.73%	2.40%	1.91%
Difference		0.07%	-0.03%	-0.54%	-0.18%	-0.71%	-0.22%	-0.11%



Portfolio performance is gross of fees unless otherwise indicated.

**Portfolio Earnings**

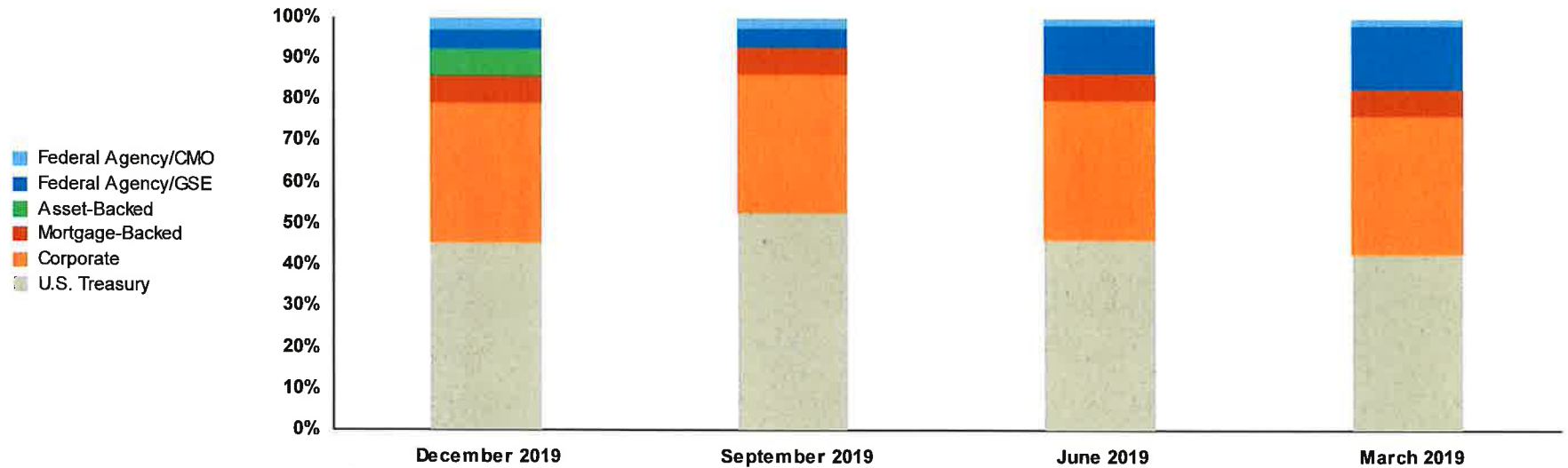
*Quarter-Ended December 31, 2019*

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
<b>Beginning Value (09/30/2019)</b>	\$34,068,905.29	\$34,018,865.51
<b>Net Purchases/Sales</b>	\$212,842.44	\$212,842.44
<b>Change in Value</b>	\$31,335.23	(\$4,305.23)
<b>Ending Value (12/31/2019)</b>	\$34,313,082.96	\$34,227,402.72
<b>Interest Earned</b>	\$201,029.77	\$201,029.77
<b>Portfolio Earnings</b>	\$232,365.00	\$196,724.54

202000403

Sector Allocation

Sector	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	15.6	45.3%	18.0	52.9%	15.2	46.1%	15.0	43.1%
Corporate	11.5	33.7%	11.3	33.3%	11.2	34.0%	11.7	33.5%
Mortgage-Backed	2.3	6.7%	2.3	6.6%	2.2	6.7%	2.3	6.6%
Asset-Backed	2.3	6.7%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Federal Agency/GSE	1.5	4.5%	1.5	4.5%	3.8	11.4%	5.3	15.0%
Federal Agency/CMO	1.1	3.1%	0.9	2.7%	0.6	1.8%	0.6	1.8%
<b>Total</b>	<b>\$34.3</b>	<b>100.0%</b>	<b>\$34.1</b>	<b>100.0%</b>	<b>\$32.9</b>	<b>100.0%</b>	<b>\$34.9</b>	<b>100.0%</b>

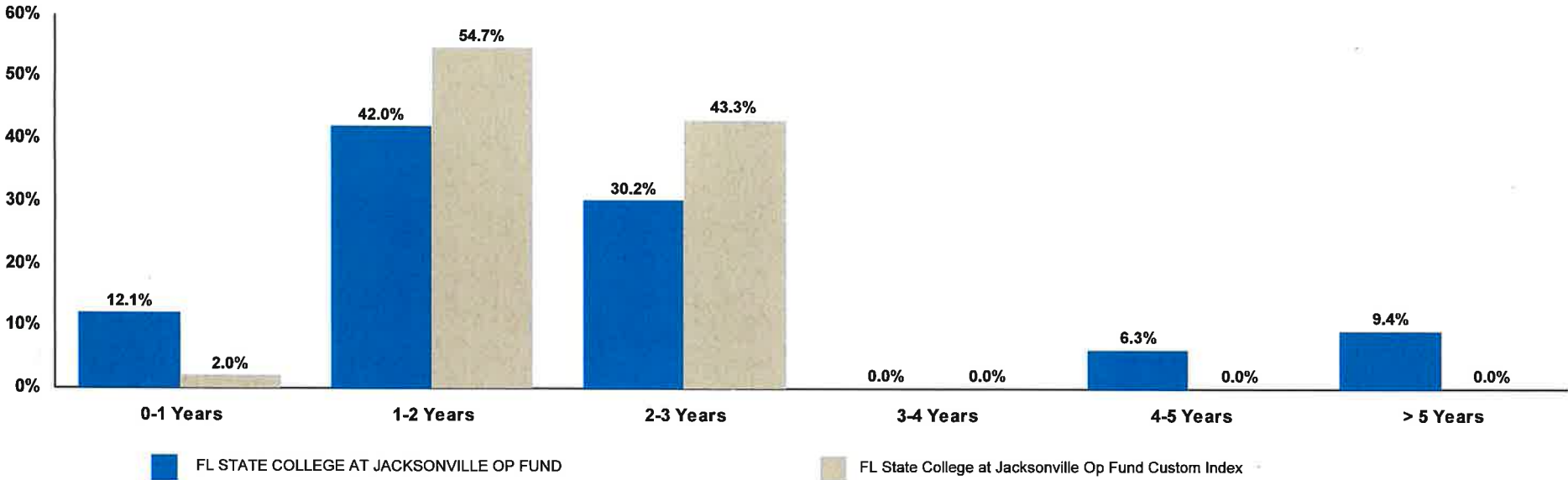


Detail may not add to total due to rounding.

**Maturity Distribution**

As of December 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.79%	2.73 yrs	12.1%	42.0%	30.2%	0.0%	6.3%	9.4%
FL State College at Jacksonville Op Fund Custom Index	1.67%	1.92 yrs	2.0%	54.7%	43.3%	0.0%	0.0%	0.0%

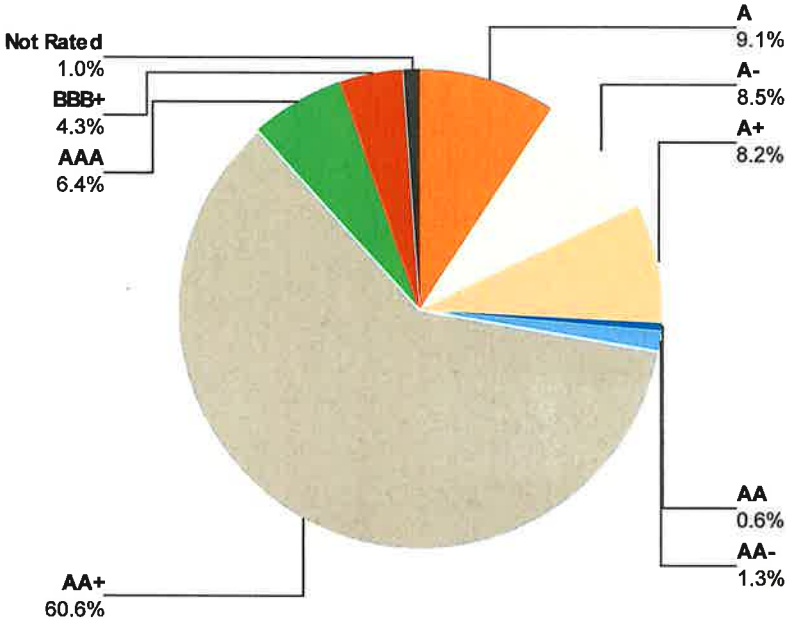


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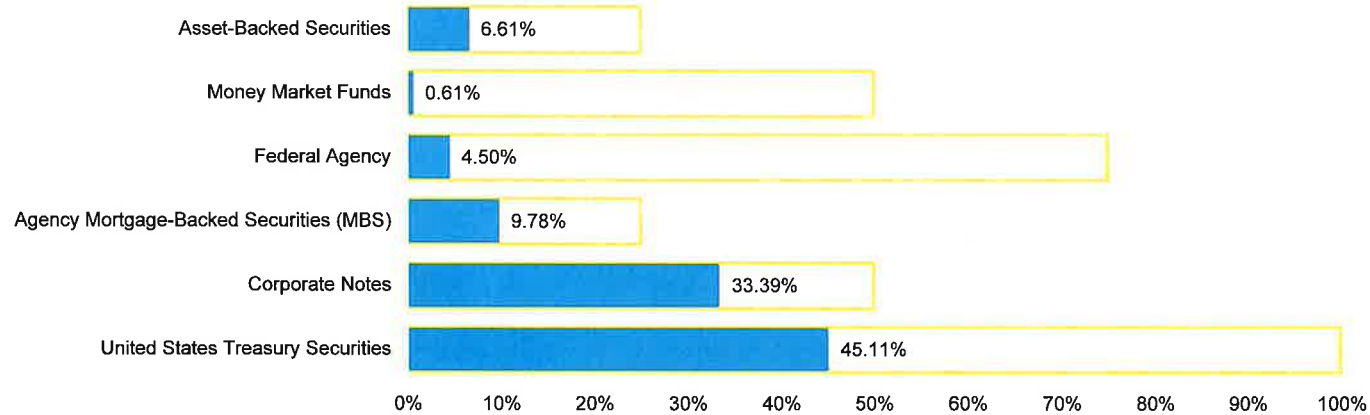


**Credit Quality**  
As of December 31, 2019

S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$20,782,017	60.6%
A	\$3,135,474	9.1%
A-	\$2,930,101	8.5%
A+	\$2,806,631	8.2%
AAA	\$2,183,075	6.4%
BBB+	\$1,466,493	4.3%
AA-	\$451,882	1.3%
Not Rated	\$354,769	1.0%
AA	\$202,641	0.6%
<b>Totals</b>	<b>\$34,313,083</b>	<b>100.0%</b>



Detail may not add to total due to rounding.



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
United States Treasury Securities	15,600,004.52	45.11%	100%	Yes
Federal Agency	1,555,886.30	4.50%	75%	Yes
Supranationals	-	-	25%	Yes
Corporate Notes	11,547,484.90	33.39%	50%	Yes
Municipals	-	-	25%	Yes
Agency Mortgage-Backed Securities (MBS)	3,380,327.14	9.78%	25%	Yes
Asset-Backed Securities	2,286,605.05	6.61%	25%	Yes
Non-Negotiable Interest Bearing Time Certificates of Deposit and Savings Accounts	-	-	50%	Yes
Commercial Paper	-	-	50%	Yes
Bankers' Acceptances	-	-	10%	Yes
Repurchase Agreements	-	-	40%	Yes
Money Market Funds	209,991.30	0.61%	50%	Yes
Intergovernmental Pools	-	-	50%	Yes

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

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**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.



# FSCJ

Florida State College  
at Jacksonville

**Investment Performance Review**  
**QUASI ENDOWMENT FUND**  
**For the Quarter Ended December 31, 2019**

**Investment Advisors**

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Khalid Yasin, CIMA®, CHP, Director  
Richard Pengelly, CFA, CTP, Director  
Sean Gannon, CTP, Senior Analyst  
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## Executive Summary

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The Florida State College at Jacksonville Quasi Endowment Fund portfolio (the “portfolio”) returned 7.36% (net of mutual fund fees) in the 4th quarter of 2019, compared to its policy benchmark return of 6.79%. Year-to-date, the portfolio returned 23.80%, compared to 22.90% for the benchmark. Since inception on July 1, 2016, the portfolio’s annual return is 10.76%, compared to the benchmark return of 10.78%. In dollar terms, the portfolio gained \$381,394 in return on investment over the quarter, and gained \$1,069,357 year-to-date.

The S&P 500 Index (S&P) posted a return of 9.07%, in a quarter helped by better-than-expected economic data and continued resolution of trade tensions between the U.S. and China through the announcement of a Phase 1 deal. Markets outside of the U.S., as measured by the MSCI ACWI ex U.S. Index, slightly lagged their domestic equity counterparts and returned 8.92% for the fourth quarter. The U.S. bond market, represented by the Bloomberg Barclays U.S. Aggregate Index, was relatively flat for the fourth quarter, gaining just 0.18%.

Currently, the portfolio is slightly overweight to equities by approximately 4.1%, and underweight in fixed income by approximately 4.4%, considering we continue to remain constructive on equities in a low interest rate environment. Despite growing risks presented by the 2020 elections and ongoing trade negotiations, we do not expect a recession over the next 6-months. The portfolio continues to be invested in compliance with its investment policy guidelines with a focus on the long-term preservation and growth of purchasing power.



# Executive Summary

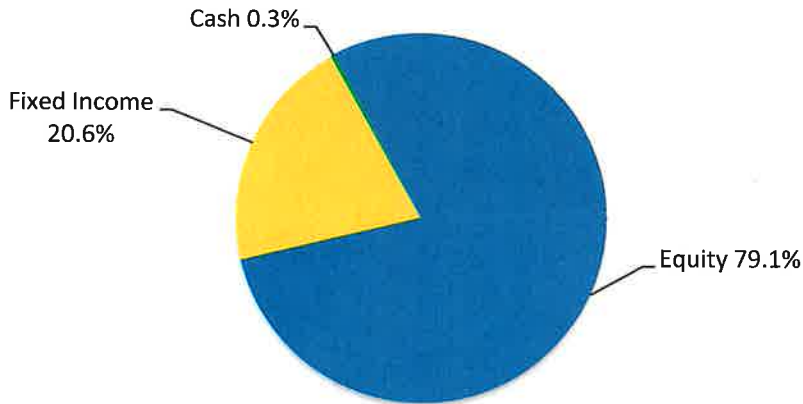
**Current Asset Allocation**

Asset Class	Market Value	Pct (%)
Cash	\$16,399	0.3%
Equity	4,397,984	79.1%
Fixed Income	1,148,457	20.6%
<b>Total</b>	<b>\$5,562,841</b>	<b>100.0%</b>

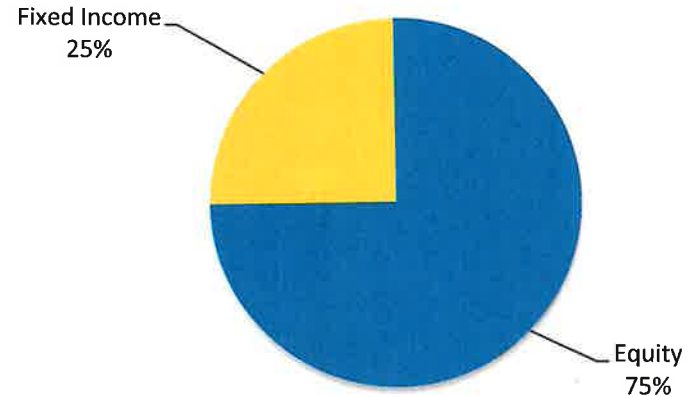
**Target Asset Allocation**

Asset Class	Market Value	Pct (%)	Range
Cash	\$0	0%	0% - 20%
Equity	4,172,131	75%	70%-80%
Fixed Income	1,390,710	25%	20%-30%
<b>Total</b>	<b>\$5,562,841</b>	<b>100%</b>	

**Current Asset Allocation**



**Target Asset Allocation**

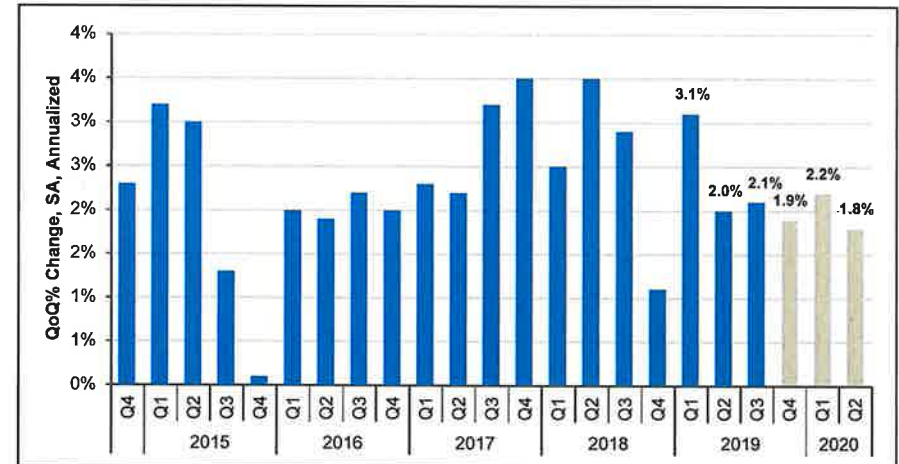


QUARTERLY MARKET SUMMARY

THE ECONOMY

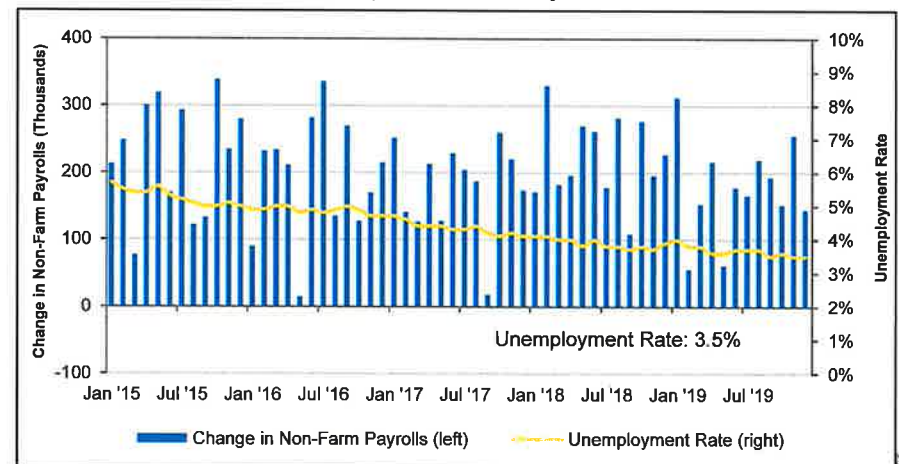
- In line with slowing growth expectations, U.S. Gross Domestic Product (GDP) for the fourth quarter of 2019 is projected to grow at an annual rate of 1.9%, based on the median nowcast for a set of leading GDP estimates. This is down slightly from 2.1% in the third quarter of 2019.
- The U.S. labor market added 145,000 jobs in December, extending the current streak of payroll gains to 10 years. The unemployment rate held steady at 3.5% for most of the fourth quarter, matching a 50-year low. Private-sector wage growth rose 2.9% from a year ago, which is slightly disappointing given the employment situation. Overall in 2019, the economy added approximately 2.11 million jobs versus 2.68 million in 2018. The slower pace of hiring reflects employers' difficulty finding workers, global trade tensions and the fading effects of the 2018 tax cuts. The labor-force participation rate held steady at 63.2%, well below pre-recession levels.
- Inflation cooled heading into 2020 after peaking during the late summer months. November's core personal consumption expenditures (PCE) reading fell to 1.6% from 1.7% in the two previous months. Muted inflation pressures, including tentative wage growth, have led the Federal Open Market Committee (FOMC) to estimate a 2020 core PCE inflation rate of 1.9%.
- Globally, many economists see a smoother 2020 with easing trade tensions and monetary policy playing a major role. The World Bank has forecast global economic growth to edge higher this year to 2.5%. Growth in developed economies is projected to fall to 1.4% in 2020, while emerging markets are anticipated to grow 4.1%. Downside risks in 2020 revolve around trade uncertainty, the World Bank says, though the fourth quarter of 2019 lessened those concerns.

U.S. Real GDP Growth  
Seasonally Adjusted (SA)



Source: Bloomberg. Blue bars indicate actual numbers; taupe bars indicate forecasted estimates.

Change in Non-Farm Payrolls



Source: Bloomberg.

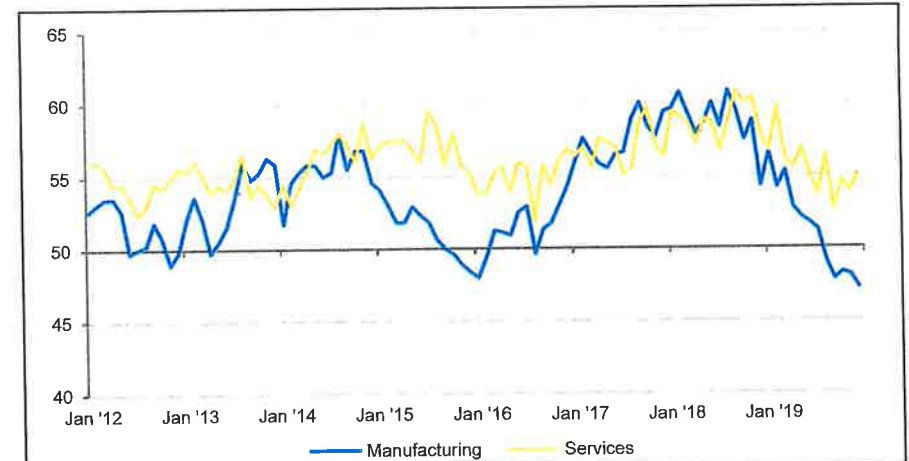


## QUARTERLY MARKET SUMMARY

### WHAT WE'RE WATCHING

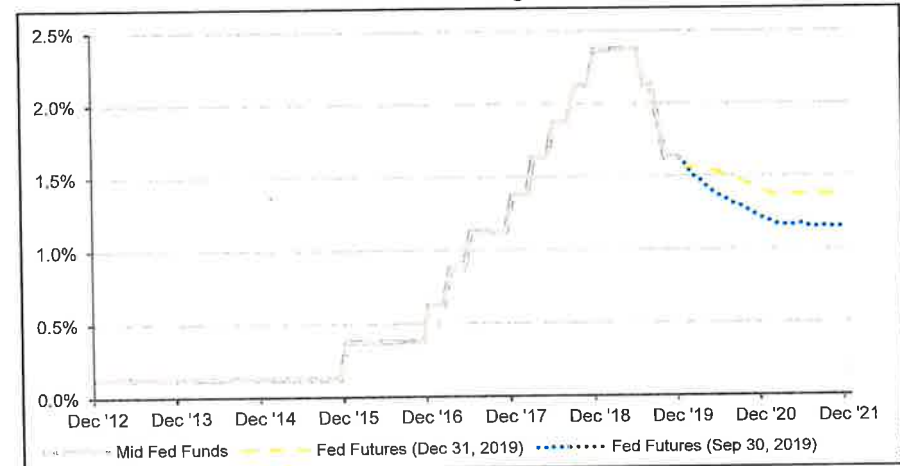
- The U.S. and China agreed to “Phase 1” of a trade deal in December, and the two sides plan to sign the agreement in Washington, D.C. in mid-January. The deal was made just before additional tariffs were due to take effect on Chinese imports on December 15. The agreement reduces tariffs on both Chinese and American goods, increases the amount of agricultural purchases China will make and includes commitments from China on intellectual property security.
- The U.S., Mexico and Canada Agreement (USMCA) was ratified in the House of Representatives after gaining overwhelming bipartisan support. Initial concerns from Democrats on environmental protections and labor provisions were addressed by the White House, and the deal is ready for a vote in the Senate. The deal replaces the North American Free Trade Agreement (NAFTA) and includes improved labor laws, country of origin rules and improvements for U.S. farmers, among other changes.
- Brexit continues apace as conservatives claimed a large majority in the UK Parliament after general elections were held in December. Prime Minister Boris Johnson wasted no time committing to an exit from the European Union (EU) by January 31 and vowed to abstain from an extension of the standstill period – an attempt to ensure that the UK will have a complete withdrawal by the end of 2020. A comprehensive trade deal with the EU will be more difficult to negotiate in such rushed circumstances, but the results of the general election have led to greater certainty around Brexit.
- Tensions are rising in the Middle East after a U.S. drone strike killed a top Iranian General. Oil prices rose at the possibility of a disruption in the region’s oil supply, but markets generally held steady after an initial decline following the news of the strike. Both sides have backed away from any further escalation after a measured retaliation by Iran.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Federal Funds Target Rate



Source: Bloomberg.

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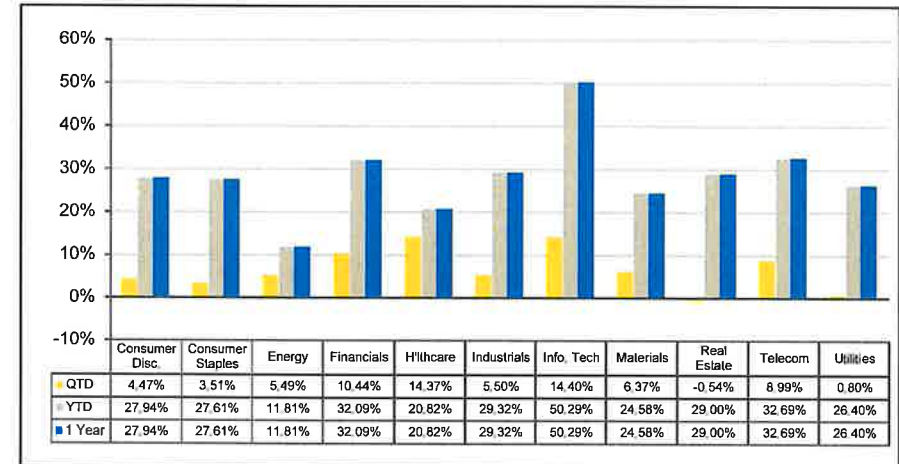


## QUARTERLY MARKET SUMMARY

### DOMESTIC EQUITY

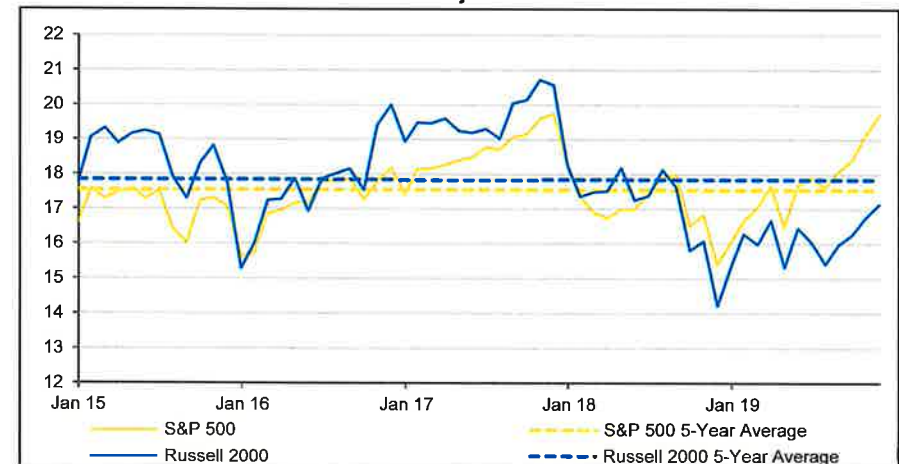
- The S&P 500 Index (S&P) posted a return of 9.1% for the quarter, helped by better-than-expected economic data and continued resolution of trade tensions between the U.S. and China through the announcement of a Phase 1 deal.
- Within the S&P, IT and Healthcare were the best performing sectors and returned 14.4% each. The IT sector continued to rally by returning 50.3% for the year, compared to 31.5% for the index. Real Estate and Utilities were the worst performing sectors for the quarter, returning -0.5% and 0.8%, respectively. For the year, Energy was the worst performing sector, despite the rally in energy names in December.
- Value stocks, as represented by the Russell 1000 Value Index, returned 7.4%, and underperformed growth stocks, as represented by the Russell 1000 Growth Index, which returned 10.6%. While the year saw pockets of value outperformance, growth stocks continued to outperform value stocks in 2019.
- Small-caps, as represented by the Russell 2000 Index, returned 9.9% during the quarter and outperformed mid- and large-caps. The outperformance was wider when compared to mid-caps, as represented by the Russell Mid-Cap Index, returned 7.05%. For the year, large-caps outperformed both mid- and small-caps.
- For the quarter, according to FactSet Earnings Insight as of January 3, 2020, the expected earnings growth for fourth quarter of 2019 for the S&P is -1.5%. Earnings growth in 2019 was lower as trade tensions, slowing global growth expectations and slowing manufacturing activity loomed large. Analysts expect earnings growth to improve in 2020, with projected earnings growth of 9.6% and projected revenue growth of 5.4% for the year.

**S&P 500 Index Performance by Sector**  
Periods Ended December 31, 2019



Source: Bloomberg.

**P/E Ratios of Major Stock Indices\***



Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

202000414



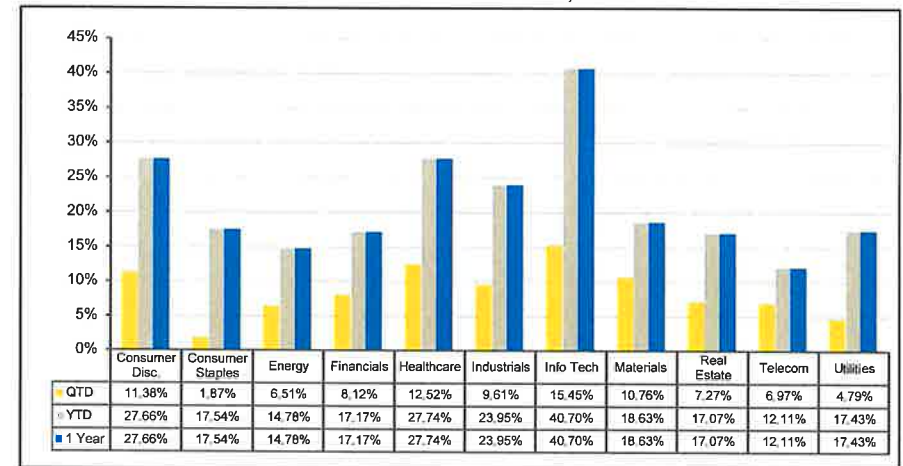
QUARTERLY MARKET SUMMARY

NON-U.S. EQUITY

- Markets outside of the U.S., as measured by the MSCI ACWI ex U.S. Index, slightly lagged their domestic equity counterparts and returned 8.9% for the fourth quarter. Each of the 11 sectors had positive returns during the quarter, with Technology leading the way at 15.5%, followed by Healthcare and Consumer Discretionary at 12.5% and 11.4%, respectively. The worst performers in the index were Utilities and Consumer Staples, which returned 4.8% and 1.9%, respectively.
- Emerging markets, as represented by MSCI Emerging Market Index, outperformed Developed ex U.S. markets, represented by MSCI EAFE Index, returning 11.8% versus 8.2% for the quarter. Within Emerging Markets, the China market bounced back posting a 14.7% for the quarter. Within the Developed Markets, Japan and UK boasted strong returns for the quarter, returning 7.6% and 10.0%, respectively.
- While value underperformed growth for the fourth quarter as a whole, it began to resurge in December within Developed Markets (MSCI AC World ex-USA Value 4.5% versus MSCI AC World ex-USA Growth 4.2%) and (MSCI EAFE Value 3.7% versus MSCI EAFE Growth 2.9%).
- Global markets received positive news in December, which mitigated near-term concerns of a global slowdown. Clarity into the U.S. and China trade war improved with the approval of a Phase 1 trade deal. Within Europe, the majority win of the Conservative Party in the UK eases concerns around a no-deal Brexit.

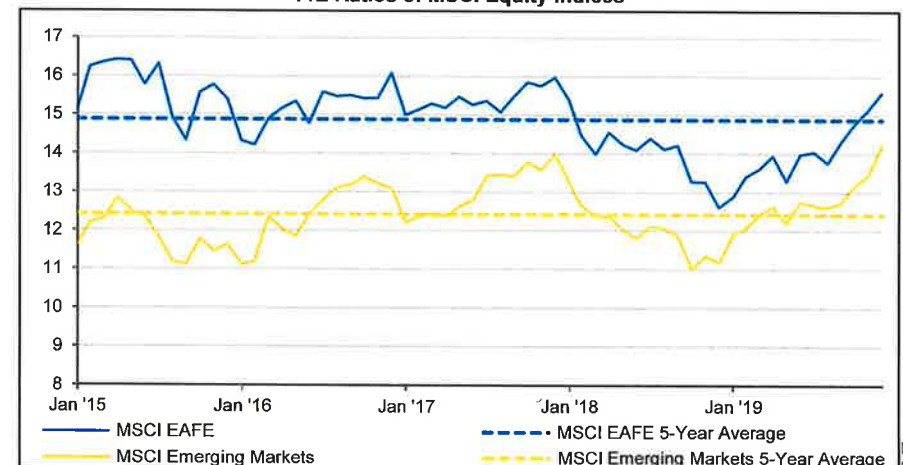
MSCI ACWI ex-U.S. Sectors

Periods Ended December 31, 2019



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices\*



Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

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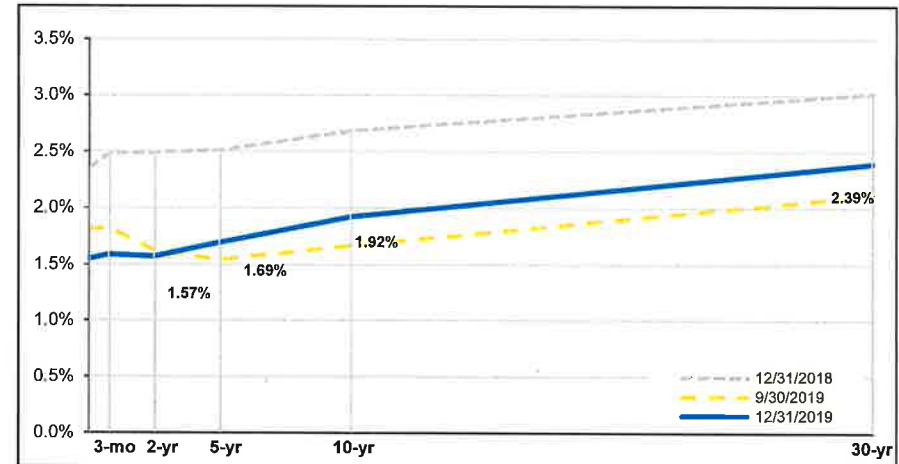


## QUARTERLY MARKET SUMMARY

### FIXED INCOME

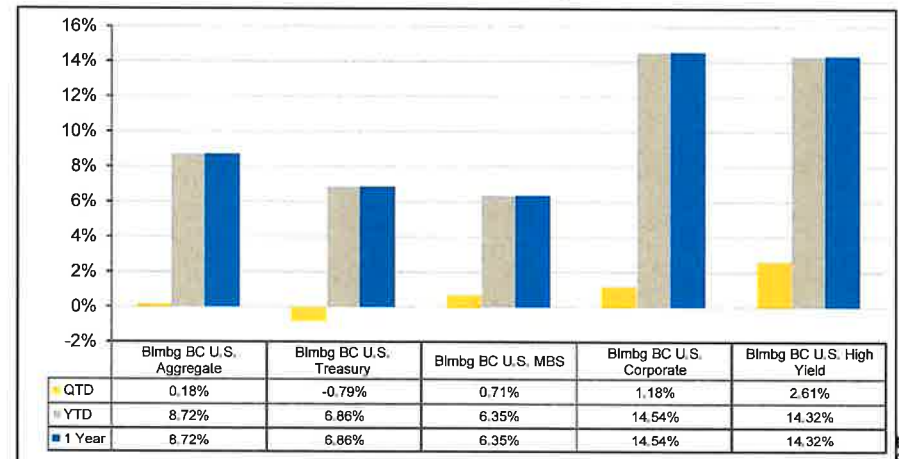
- The U.S. bond market, represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, was relatively flat for the fourth quarter, gaining just 0.2%.
- Rates were mixed during the quarter falling from two years in, but longer maturities rose with the 10-year treasury ending at 1.9% and 30-year at 2.4%.
- Investment-grade (IG) corporate spreads declined during the quarter. The Bloomberg Barclays U.S. Corporate Index rose 1.2%, bringing a year-to-date (YTD) return just over 14.5%. High yield bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield (HY) Index performed even better at 2.6%. CCC-rated debt outperformed higher quality BB-rated debt, reversing a trend held through the first three quarters of the year.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, gained 0.7%, while the Bloomberg Barclays U.S. Agency CMBS Index (measuring commercial MBS) fell 0.3%.
- Emerging market USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, had another strong quarter, rising 1.8%.

U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments  
Periods Ended December 31, 2019



Source: Bloomberg. "BImbg BC" is Bloomberg Barclays.



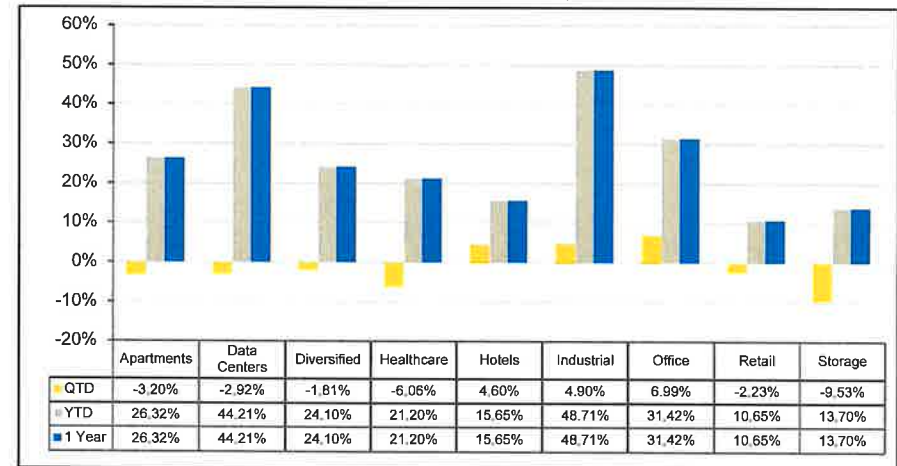
QUARTERLY MARKET SUMMARY

ALTERNATIVES

- REITs, as measured by the FTSE NAREIT Equity REITs Index, returned -0.8% in the fourth quarter, resulting in a 2019 return of 26.0%. The majority of sector returns were negative in the fourth quarter with six of nine sectors posting losses. Office, Industrial and Lodging/Resorts were the exception posting strong returns of 7.0%, 4.9% and 4.6%, respectively. The largest sector drawdowns were experienced by Self-Storage, Healthcare and Data Centers, which posted returns of -9.5%, -6.1% and -2.9%, respectively.
- Private real estate, as measured by the NCREIF Property Index, generated a total return of 1.4% in the third quarter. As of the end of the third quarter, the NCREIF Property Index has generated a total YTD return of 6.2%. Industrial properties continue to be the top performing sector with a return of 3.2% in the third quarter, compared to 3.4% in the second quarter. Retail properties reversed course from the second quarter and managed to have a positive third quarter return of 0.2%, compared to -0.1% in the second quarter.
- Hedge funds generated positive returns in the fourth quarter with the HFRI Fund Weighted Composite Index returning 3.5%, resulting in a 2019 return of 10.4%. During the same period, the HFRI Equity Hedge (Total) Index returned 5.9% and the HFRI Fund of Funds Index returned 2.5%, although HFRI Macro (Total) Index returned -0.5% during the quarter.
- In the third quarter, private capital fundraising was led by private equity funds, which closed on \$163 billion, followed by \$37 billion raised by private real estate funds, \$22 billion raised by private debt funds and \$8.4 billion raised by infrastructure funds. Private equity dry powder, which accounts for the bulk of private capital dry powder, reached \$1.45 trillion as of year-end 2019. As of December 2018, private equity funds generated an average one-year IRR of 13.7% and a five-year IRR of 14.2%. Over those same time periods, private debt generated 3.1% and 6.7%, respectively.
- Commodity futures, represented by the Bloomberg Commodity Total Return Index, returned 4.4% in the fourth quarter and ended 2019 with a 7.7% return. The U.S. Dollar Index (DXY) posted a loss of 3.0% in the fourth quarter, resulting in a 2019 return of 0.2%. Gold spot price ended the quarter at \$1,517.27 per ounce, up from \$1,472.49 per ounce at the end of the third quarter. Gold appreciated 18.3% in 2019. West Texas Intermediate (WTI) Crude Oil spot price ended the quarter at \$61.06, up from \$54.07 at the end of the third quarter primarily due to tightening supply, the weakening U.S. Dollar and increasing tensions in the Middle East. Crude Oil prices appreciated 27.3% in 2019.

FTSE NAREIT Sectors

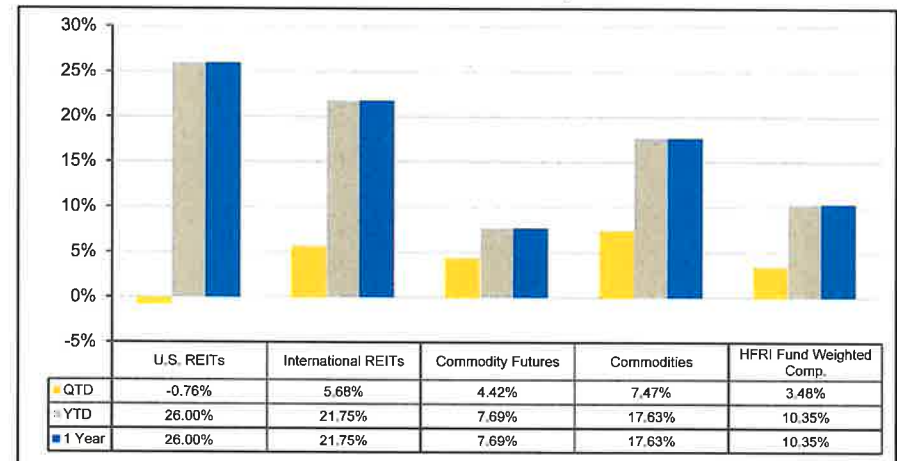
Periods Ended December 31, 2019



Source: Bloomberg.

Returns for Alternative Assets

Periods Ended December 31, 2019



Sources: Bloomberg and Hedge Fund Research, Inc.



QUARTERLY MARKET SUMMARY

Investment Strategy Overview  
For the First Quarter 2020










Asset Class	Our Investment Outlook	Comments
<b>U.S. EQUITIES</b>		<ul style="list-style-type: none"> <li>Dovish stance by Federal Reserve and strong consumer sentiment continue to be tailwinds; manufacturing slowdown seems to be easing; global growth expectations are stabilizing at lower levels. We expect accommodative monetary policy will be supportive of equity valuations. U.S. and China trade talk progress continues to impact near-term sentiment.</li> <li>Slower than expected earnings growth across mid-caps and small-caps has led us to reduce our overweight.</li> </ul>
Large-Caps		
Mid-Caps		
Small-Caps		
<b>NON-U.S. EQUITIES</b>		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities and have better room for upside since we believe that slower growth expectations and higher risks are currently priced in.</li> <li>Growth headwinds in major emerging market economies coupled with attractive valuations leads us to retain a neutral view on emerging market equities.</li> </ul>
Developed Markets		
Emerging Markets		
International Small-Caps		
<b>FIXED INCOME</b>		<ul style="list-style-type: none"> <li>Globally, major central banks continue to align with accommodative monetary policy stance, which is supportive of duration assets. We remain neutral given the current level of interest rates in the U.S.</li> <li>While we continue to overweight credit in the context of continued economic growth, we are less positive on future growth given the recent tightening and low levels of spreads.</li> </ul>
Long Duration, Interest-Rate-Sensitive Sectors		
Credit-Sensitive Sectors		
<b>ALTERNATIVES</b>		<ul style="list-style-type: none"> <li>Lower level of interest rates is positive for REITs, but they have been trading at a premium to NAV.</li> <li>Private equity funds carefully selected may provide higher returns relative to public markets, but the overall PE industry faces headwinds from the significant growth in assets under management and number of firms.</li> <li>Select private debt strategies look attractive as they provide income with lower risk than private equity, while floating rates hedge against rising rates.</li> <li>Select hedge fund strategies managed by talented managers may provide some benefit in a market environment of higher overall valuations and volatility. We remain cautious on the overall hedge fund universe.</li> </ul>
Real Estate		
Private Equity		
Private Debt		
Hedge Funds		

● Current outlook    ○ Outlook one quarter ago

Negative    Slightly Negative    Neutral    Slightly Positive    Positive

QUARTERLY MARKET SUMMARY

Factors to Consider Over the Next 6-12 Months  
For the First Quarter 2020

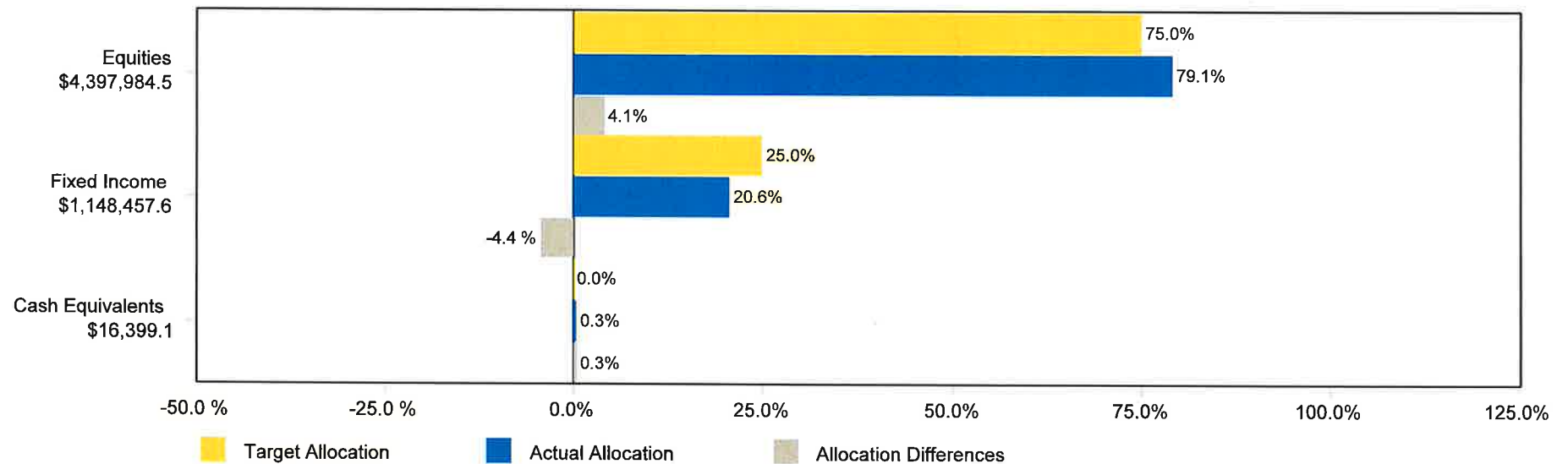
<p><b>Monetary Policy:</b></p>  <ul style="list-style-type: none"> <li>• Fed remains on hold</li> <li>• ECB and BoJ continue on the path of accommodative monetary policy</li> <li>• Global interest rates remain low</li> </ul>	<p><b>Economic Growth (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Slowdown in manufacturing activity, but consumer spending is still strong</li> <li>• 2020 expected GDP growth rate of 1.5% - 2%</li> <li>• No imminent recession expected</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>• Global growth expectations are lower, with signs of stabilization in 2020</li> </ul>
<p><b>Trade Tensions:</b></p>  <ul style="list-style-type: none"> <li>• While there has been progress in resolution of trade tensions, any worsening in progress will lead to downside</li> </ul>	<p><b>Consumer Confidence (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Consumer spending and confidence continue to be strong</li> <li>• Labor markets and wage growth continue to be supportive of growth</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Range-bound inflation is supportive of risk assets</li> <li>• Globally too, inflation remains subdued</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>• Profit margins have fallen recently but still remain close to recent high</li> <li>• Revenue growth continues to be positive while earnings growth is expected to recover in Q4 and 2020</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>• Valuations look reasonable across risk assets and spread products supported by low level of interest rates and accommodative central bank policies</li> </ul>	<p><b>Political Risks:</b></p>  <ul style="list-style-type: none"> <li>• Upcoming U.S. elections could cause policy uncertainty</li> <li>• Rising tensions in Middle East, Brexit and protests in Hong Kong are adding to market uncertainty</li> </ul>



The view expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (12/31/2019) and are subject to change.

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund	100.0	100.0	N/A	N/A	0.0
Equities	79.1	75.0	70.0	80.0	4.1
Fixed Income	20.6	25.0	20.0	30.0	-4.4
Cash Equivalents	0.3	0.0	0.0	10.0	0.3



## IMPORTANT DISCLOSURES

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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**Florida State College at Jacksonville  
District Board of Trustees**

**INFORMATION ITEM I – E.**

<b>Subject:</b>	Finance: Investment Reports for Quarter Ended March 31, 2020
<b>Meeting Date:</b>	June 9, 2020

**INFORMATION:** The Investment Reports for the Surplus Fund Account (Operating Fund) and the Quasi Endowment Fund for the quarter ending March 31, 2020 are presented to the District Board of Trustees (DBOT) for information.

**BACKGROUND:** The investment objective of the Operating Fund is to maximize income while minimizing market rate risk, and to insure the availability of short-term liquidity to meet the cash flow needs of the College. Consistent with the DBOT approved Investment Policy Statement, the Operating Fund is invested largely in U.S. Treasury, Federal Agency/GSE, Federal Agency/CMO, high quality corporates, and mortgage backed securities with an average or effective duration of 2.20 years. The Operating Fund Portfolio's quarterly total return performance of 1.27% underperformed the benchmark performance of 2.22% by 0.95%. Over the past year, the Portfolio earned 4.05%, versus 5.56% for the benchmark. The underperformance can be attributed to actually having a diversified portfolio. FSCJ's customized benchmark is the 1-3 yr. US Corp and Govt AAA-A Rated Index. The events that rocked the markets throughout Q1 happened swiftly without any leading indicators and caused a flight to quality for investors. The single asset class that benefitted the most from that flight to quality were Treasuries. In order to have had a similar performance to the benchmark, the investments in the College's portfolio would have had to been shifted to having it all in treasuries prior to that upheaval.

The College utilizes the investment management services of PFM Asset Management LLC (PFM) for intermediate term fixed income investments. As of March 31, 2020, the College had surplus funds of approximately \$35.4 million under management with PFM.

Quasi Endowment Funds are derived largely from auxiliary activities. These funds are also managed by (PFM) and invested in a diverse portfolio of domestic and international equities, fixed income securities and cash equivalents. The account balance as of March 31, 2020 was \$4.7 million. The Quasi Endowment Fund portfolio (the "Portfolio") lost 16.07% (net of mutual fund fees) in the 1st quarter of 2020, slightly underperforming its policy benchmark return of -15.90% by 0.17%. Over the past year, the portfolio had a return of -6.27%, performing in-line with its -6.26% benchmark return. Since the inception date of July 1, 2016 the portfolio returned 4.99% annually compared to its 5.06% benchmark. In dollar terms, the portfolio lost \$893,768 over the quarter and lost \$312,237 over the past 12-months.

The Investment Performance Review for the quarter ending March 31, 2020 will be available at the District Board of Trustees meeting as information. The report is also reviewed at regular meetings of the District Board of Trustees Finance and Audit Committee.

**RATIONALE:** The sound investment of surplus funds and endowment funds can produce additional income to support the operations of the College and student financial aid programs while meeting the requirements of safety and liquidity.

**FISCAL NOTES:** As of March 31, 2020, the College had investment balances totaling \$40.1 million, which compares to \$40.3 million as of March 31, 2019.



Florida State College  
at Jacksonville

**Investment Performance Review**  
**SURPLUS FUNDS**  
**For the Quarter Ended March 31, 2020**

Investment Advisors

Steven Alexander, CTP, CGFO, CPPT, Managing Director  
Robert Cheddar, CFA, Chief Credit Officer, Managing Director  
Richard Pengelly, CFA, CTP, Director  
Scott Sweeten, BCM, CFS, Client Relationship Manager  
Sean Gannon, CTP, Senior Analyst

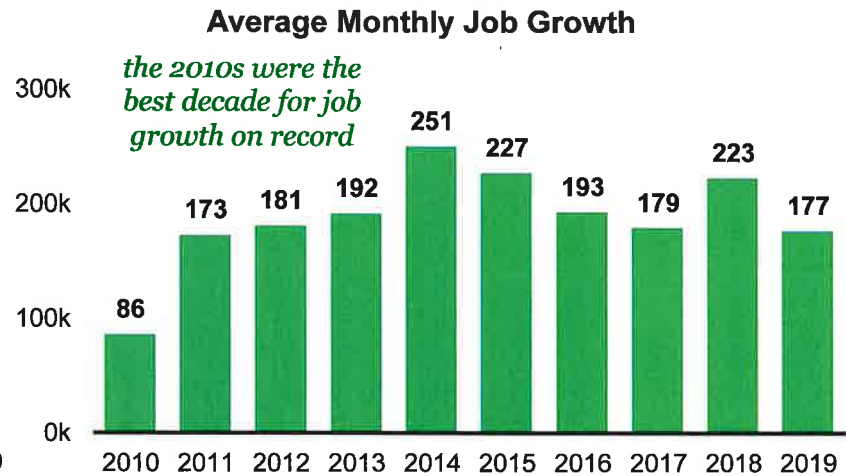
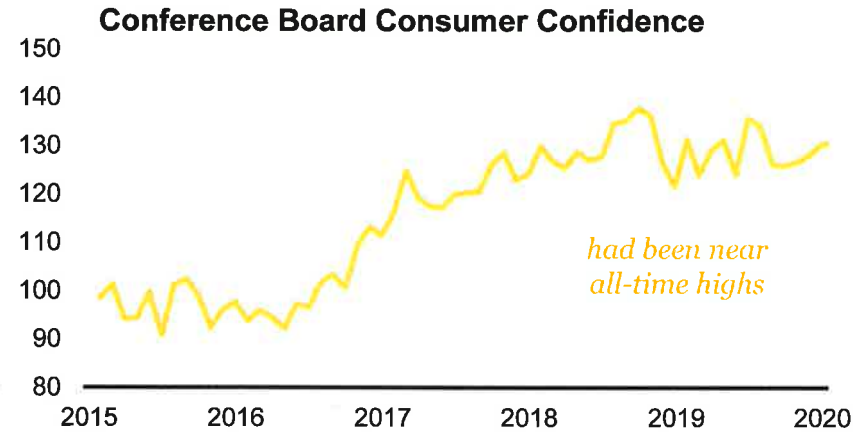
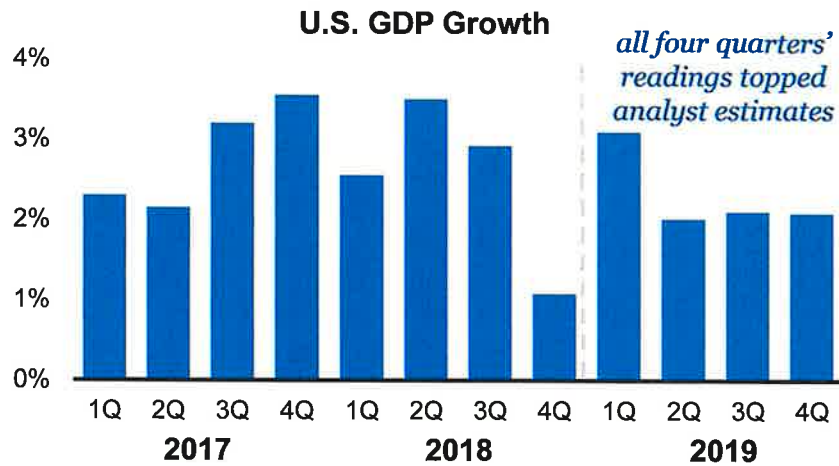
PFM Asset Management LLC

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717.232.2723  
717.233.6073 fax

300 South Orange Avenue  
Suite 1170  
Orlando, FL 32801  
407.648.2208  
407.648.1323 fax

202000423

## Domestic Data Was Strong Prior to Coronavirus Outbreak



Source: Bloomberg, latest data available as of 2/29/2020.

## COVID-19: A Three-Pronged Crisis



### **Health Crisis Pandemic**

*The rapidly spreading coronavirus is overwhelming healthcare facilities around the world as the number of cases and deaths related to the virus continue to grow.*



### **Effects on the Economy**

*With businesses forced to close their doors and consumers stuck at home “social distancing,” the economy has come to a near standstill over a very short period of time.*

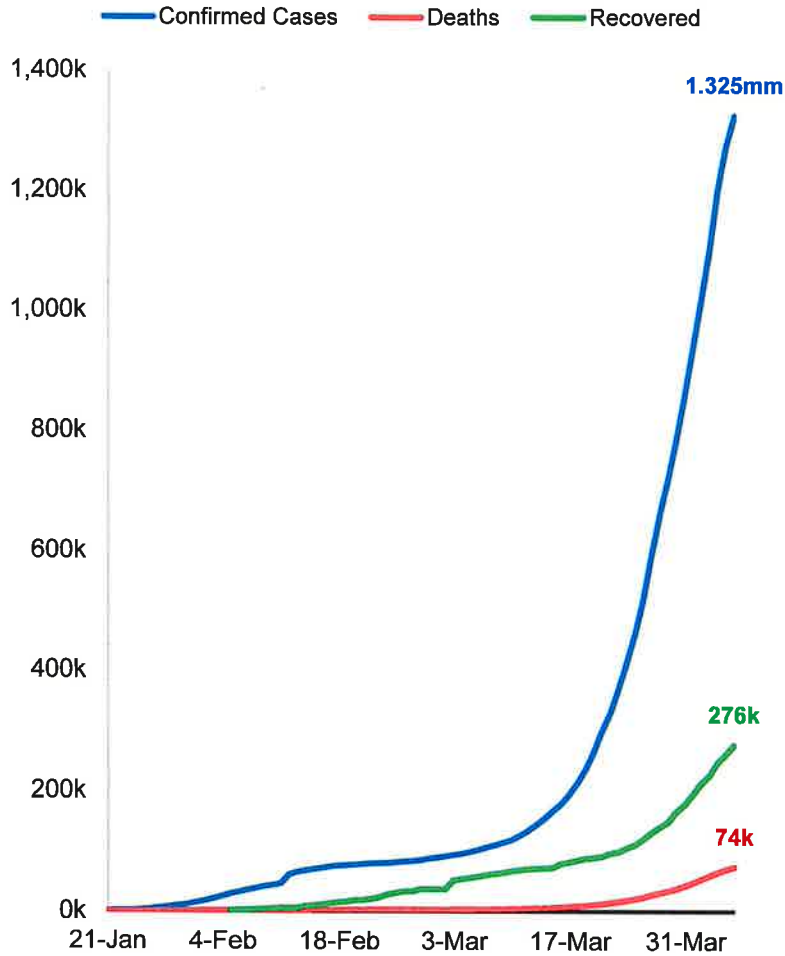


### **Effects on Financial Markets**

*Treasury yields and stock prices have plummeted while credit spreads and volatility have soared in reaction to the uncertainty created by the pandemic.*

## COVID-19 Pandemic Spans the Globe and Is Still Growing

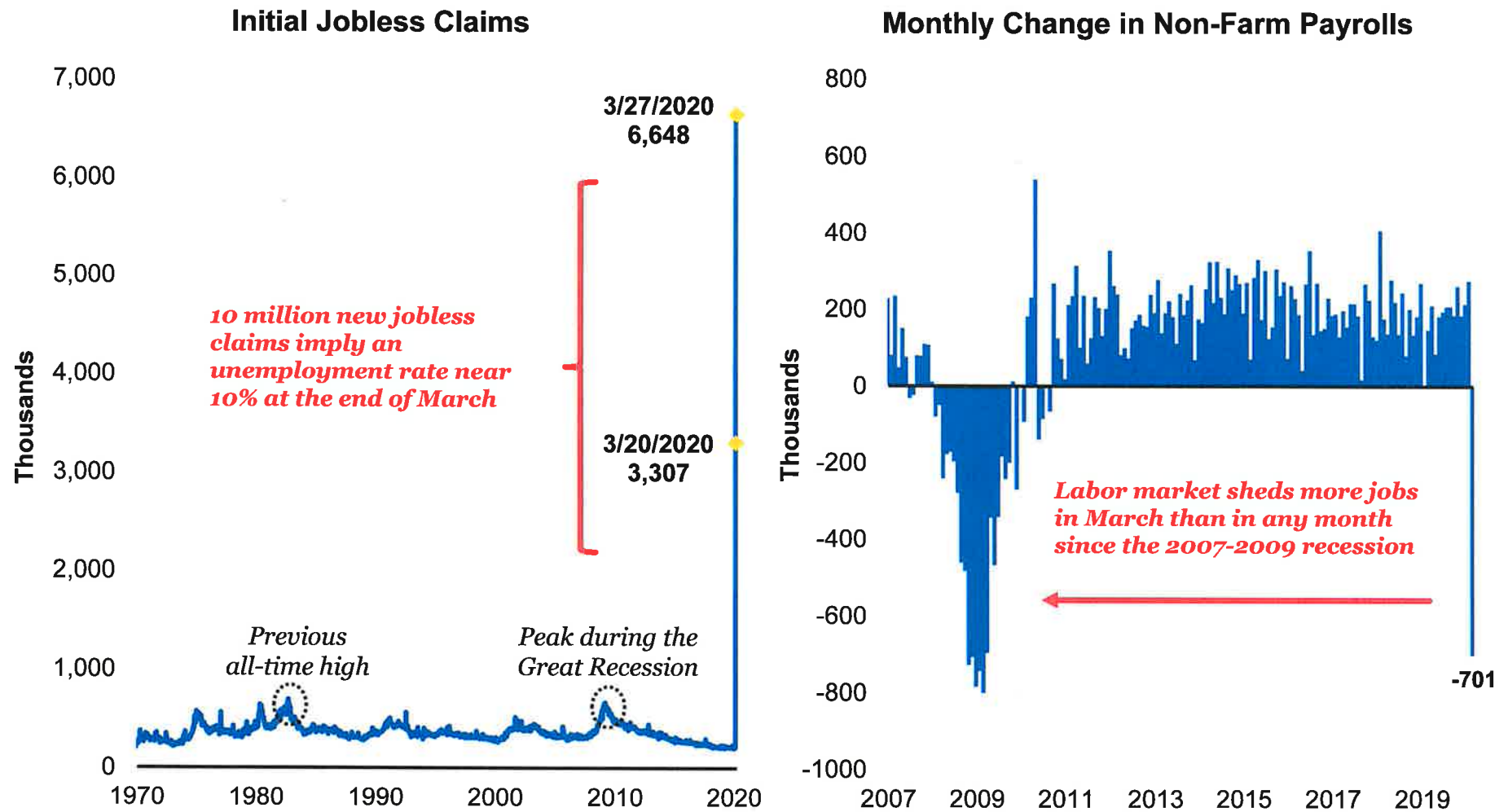
### Coronavirus Cases



Rank*	Country	# Cases	# Deaths	Death Rate
1	United States	352,546	10,389	2.9%
2	China	82,665	3,335	4.0%
3	Japan	3,654	85	2.3%
4	Germany	101,558	1,662	1.6%
5	India	4,778	136	2.8%
6	United Kingdom	52,274	5,383	10.3%
7	France	98,956	8,926	9.0%
8	Italy	132,547	16,523	12.5%
10	Canada	15,940	294	1.8%
12	South Korea	10,284	186	1.8%
13	Spain	135,032	13,169	9.8%
14	Australia	5,797	40	0.7%
15	Mexico	2,143	94	4.4%
20	Switzerland	21,652	762	3.5%
25	Iran	60,500	3,739	6.2%

Source: Bloomberg data compiled from Johns Hopkins University, the World Health Organization, and other sources. \*By size of economy, estimates by IMF for 2019. Data as of 4/06/2020.

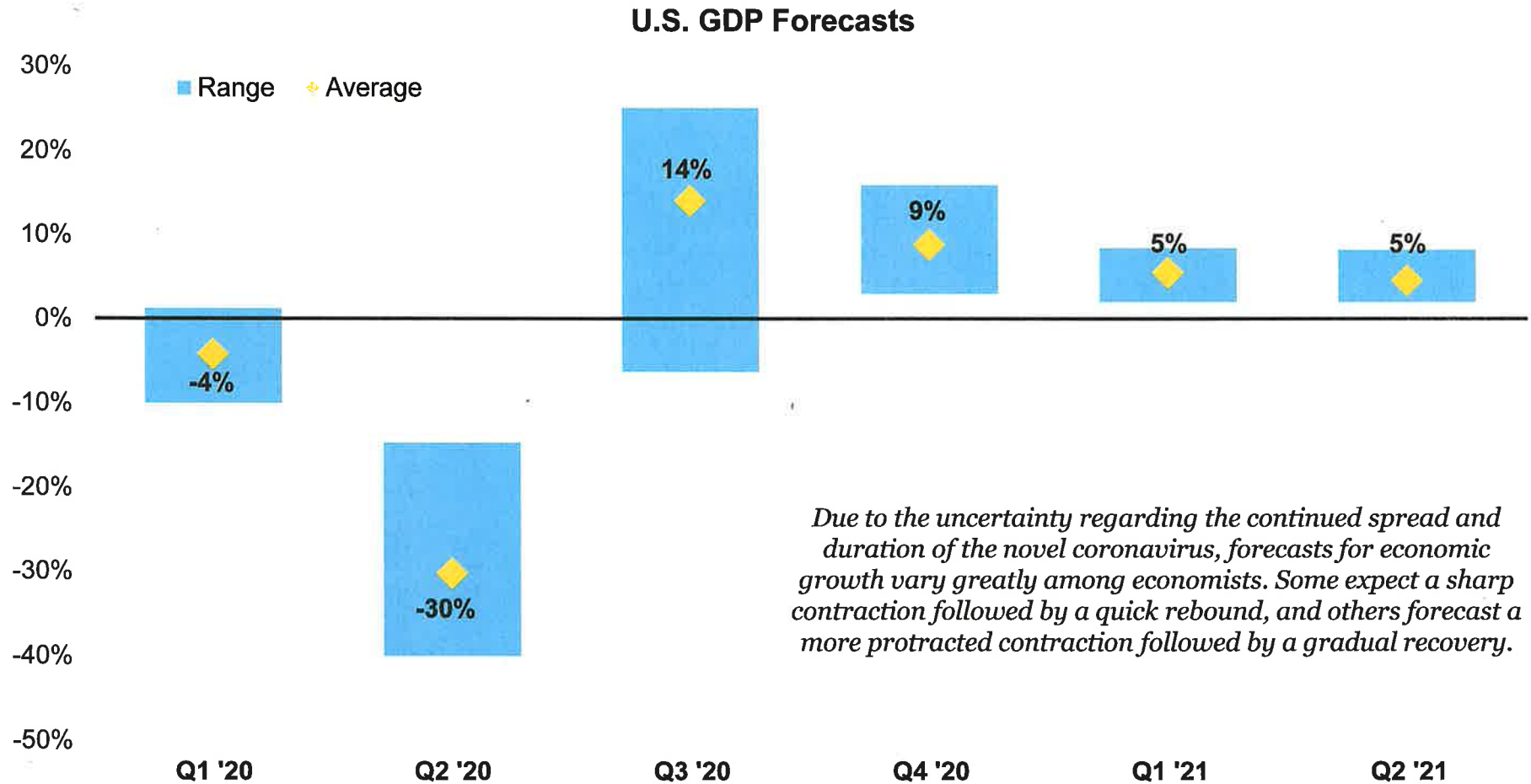
## U.S. Economy Posts Massive Job Losses in March



Source: Bloomberg, as of 4/3/2020. Data is seasonally adjusted.

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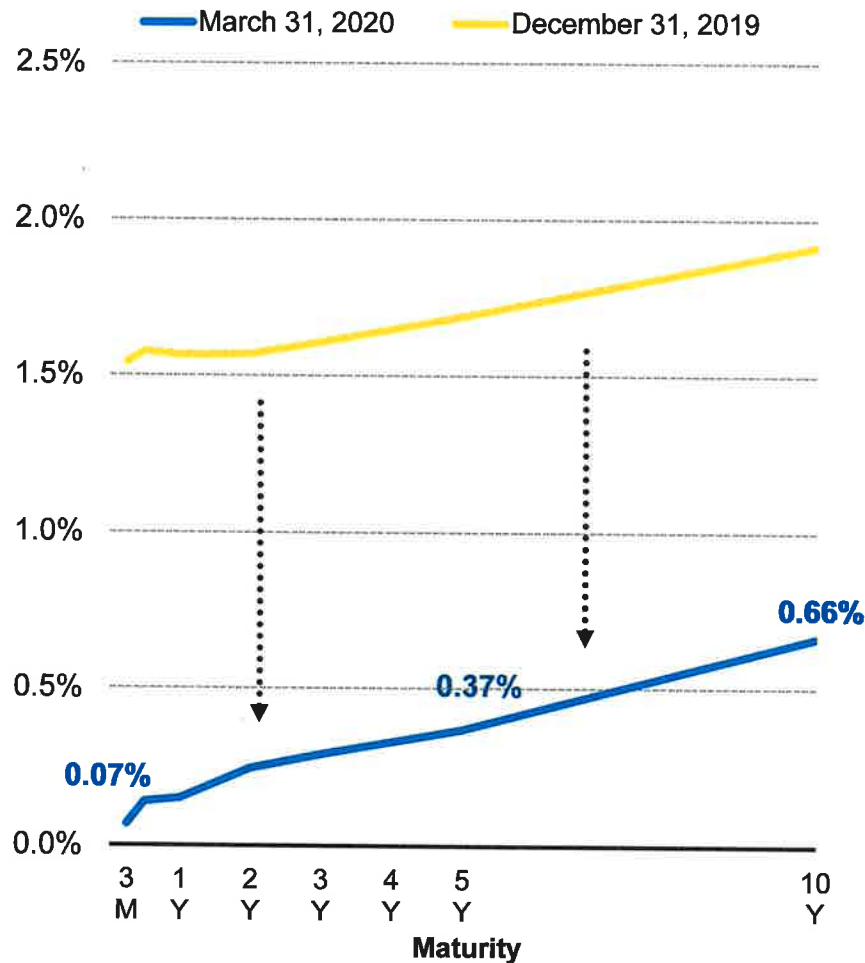
## Economists Expect a Significant, Immediate Downturn in the U.S. Economy



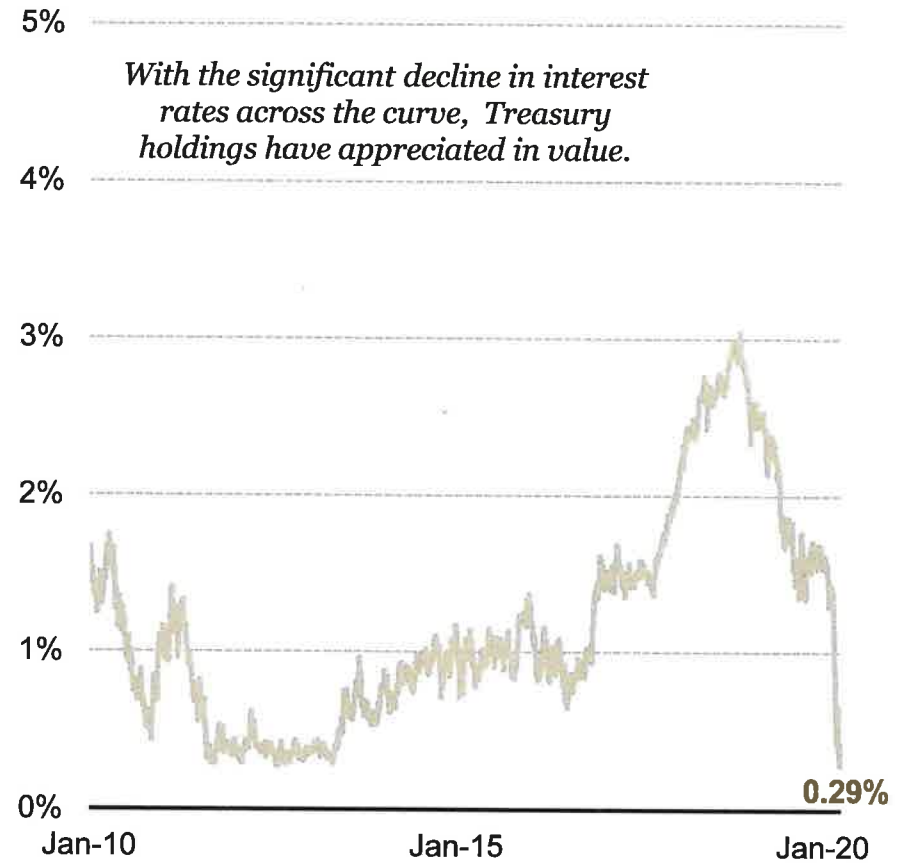
Source: Bloomberg. Forecasts made from 3/25/2020 through 4/3/2020 by ING Group, Morgan Stanley, Deutsche Bank, Goldman Sachs Group, Barclays, JPMorgan Chase, UBS, TD Bank, and Wells Fargo.

## Interest Rates Plunge; Likely to Stay Ultra-Low Through the Crisis

### US Treasury Yield Curve



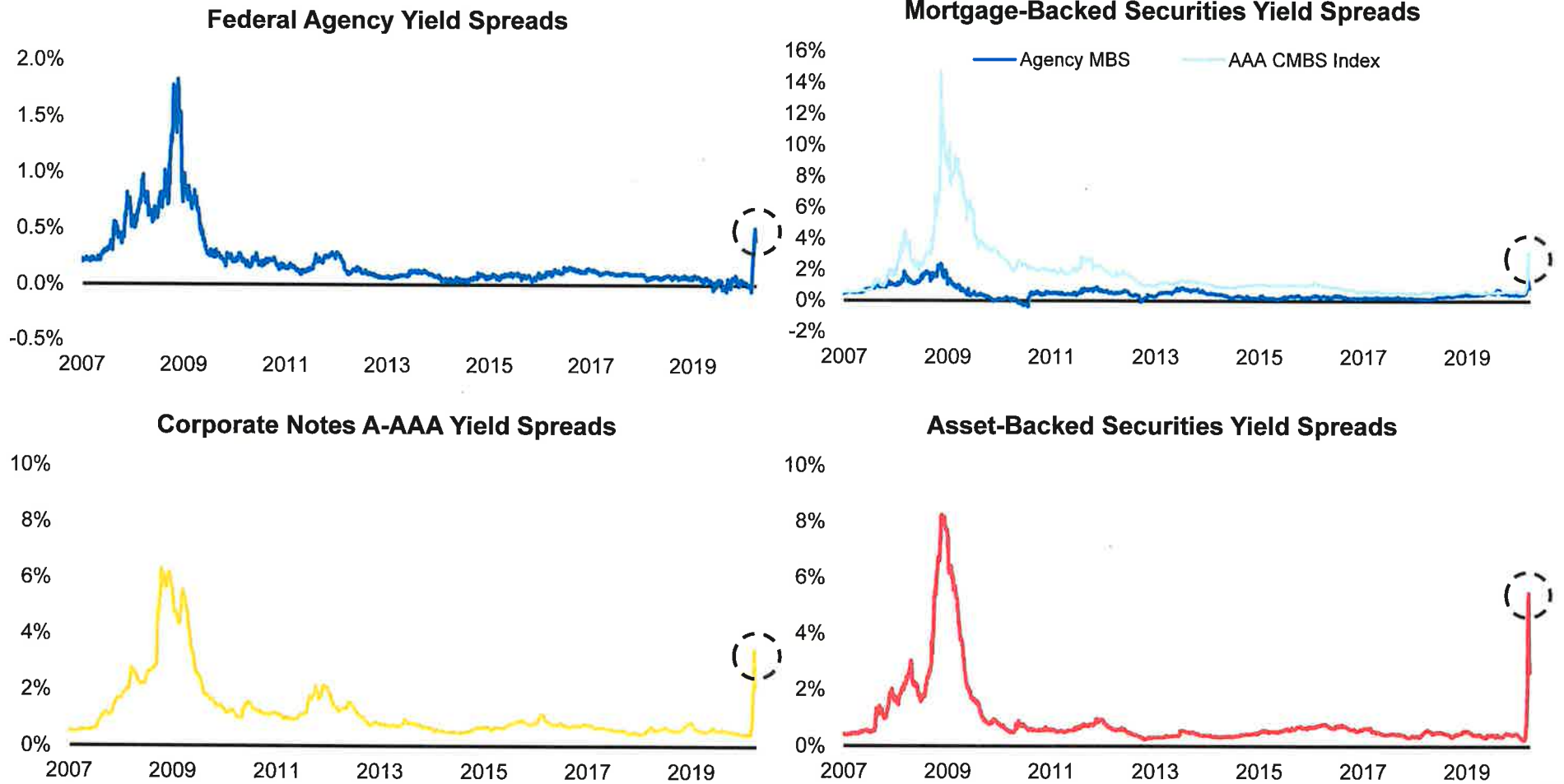
### 3-Year Treasury Yield



Source: Bloomberg as of 3/31/2020.



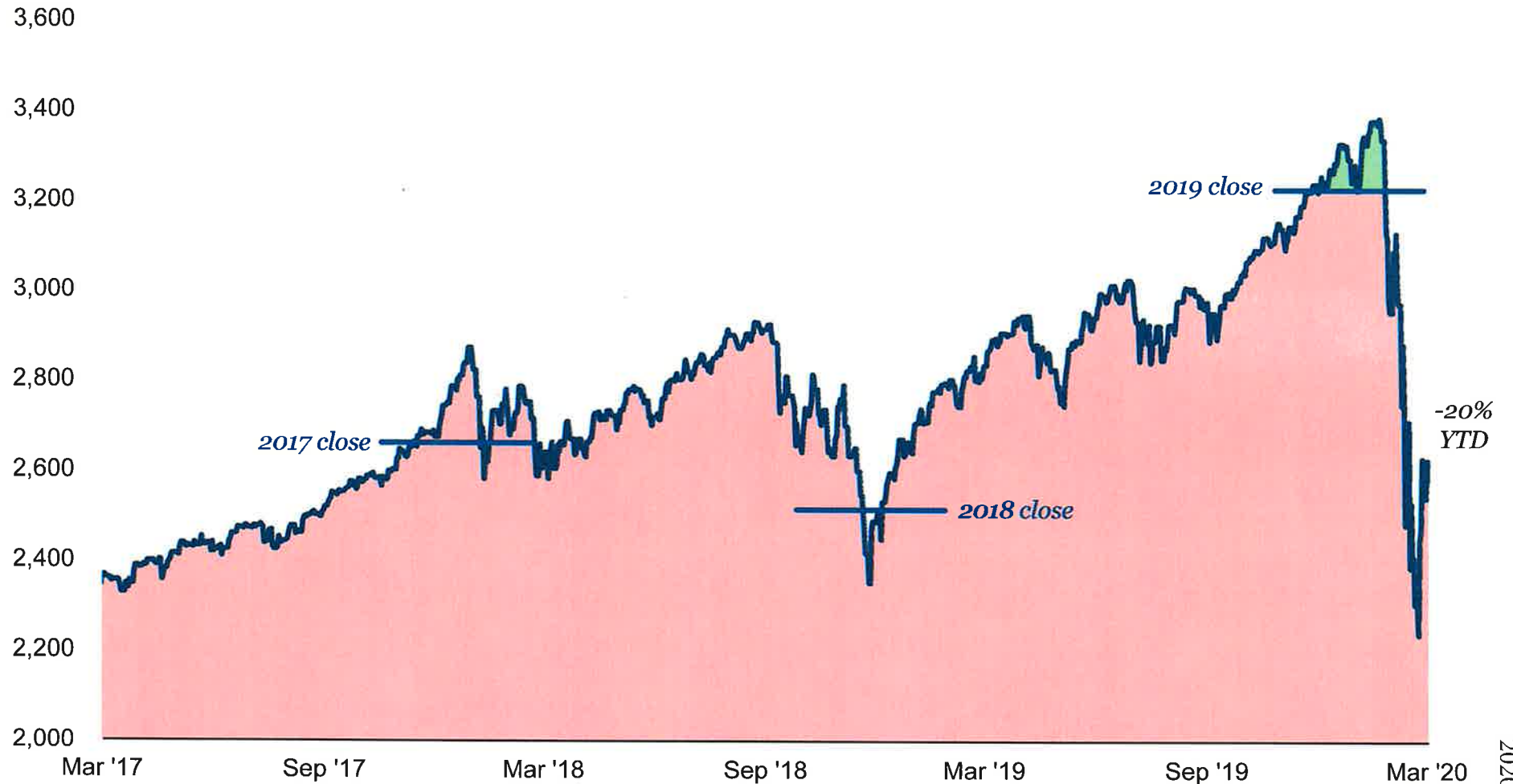
### Sector Spreads Spike to Levels Not Seen Since the Great Recession



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 3/31/20. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

### Stocks Plummet From All-Time Highs During a Volatile Quarter

#### S&P Price Change



Source: Bloomberg as of 3/31/2020.

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## Federal Reserve Broadens Tool Kit to Support Markets

### **Zero Interest Rates**

*Cut rates by 150 bps at two emergency meetings in March*

### **Asset Purchase Programs**

*Treasury and Agency MBS purchase program*

### **U.S. Dollar Swap Lines**

*Expanded swap lines with additional foreign central banks*

### **Liquidity Support**

*Funding for CP, corporate bonds, ABS, MMF & primary dealers*

### **Discount Window**

*Decreased rate charged and extended term of loans*

### **Repurchase Agreements**

*Increased the amount offered in repurchase operations*

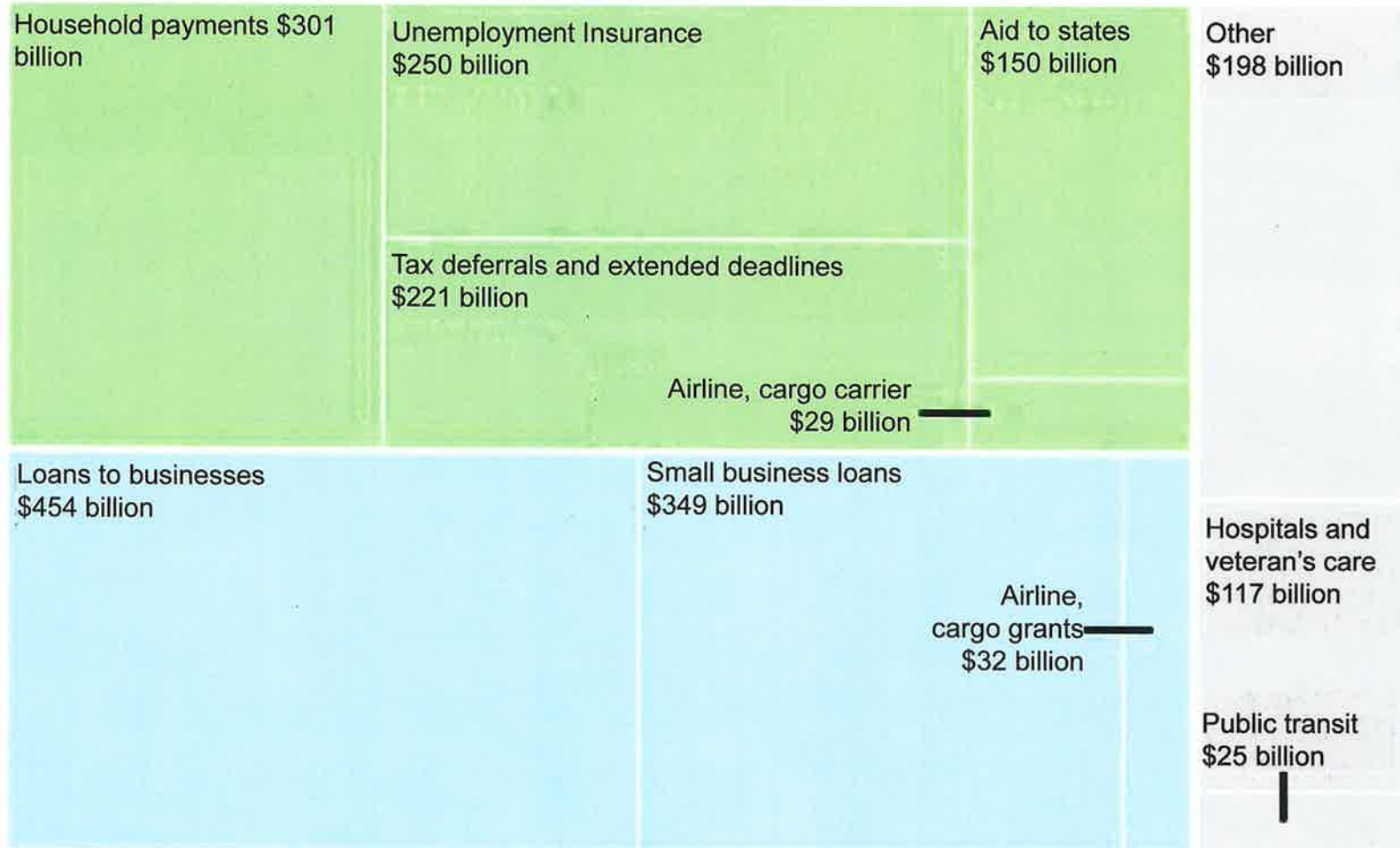
### **Regulatory Relief**

*Moved reserve requirement to 0, extended the filing deadline for 3/31 financial statements, and eased capital liquidity restraints*

Source: Federal Reserve.

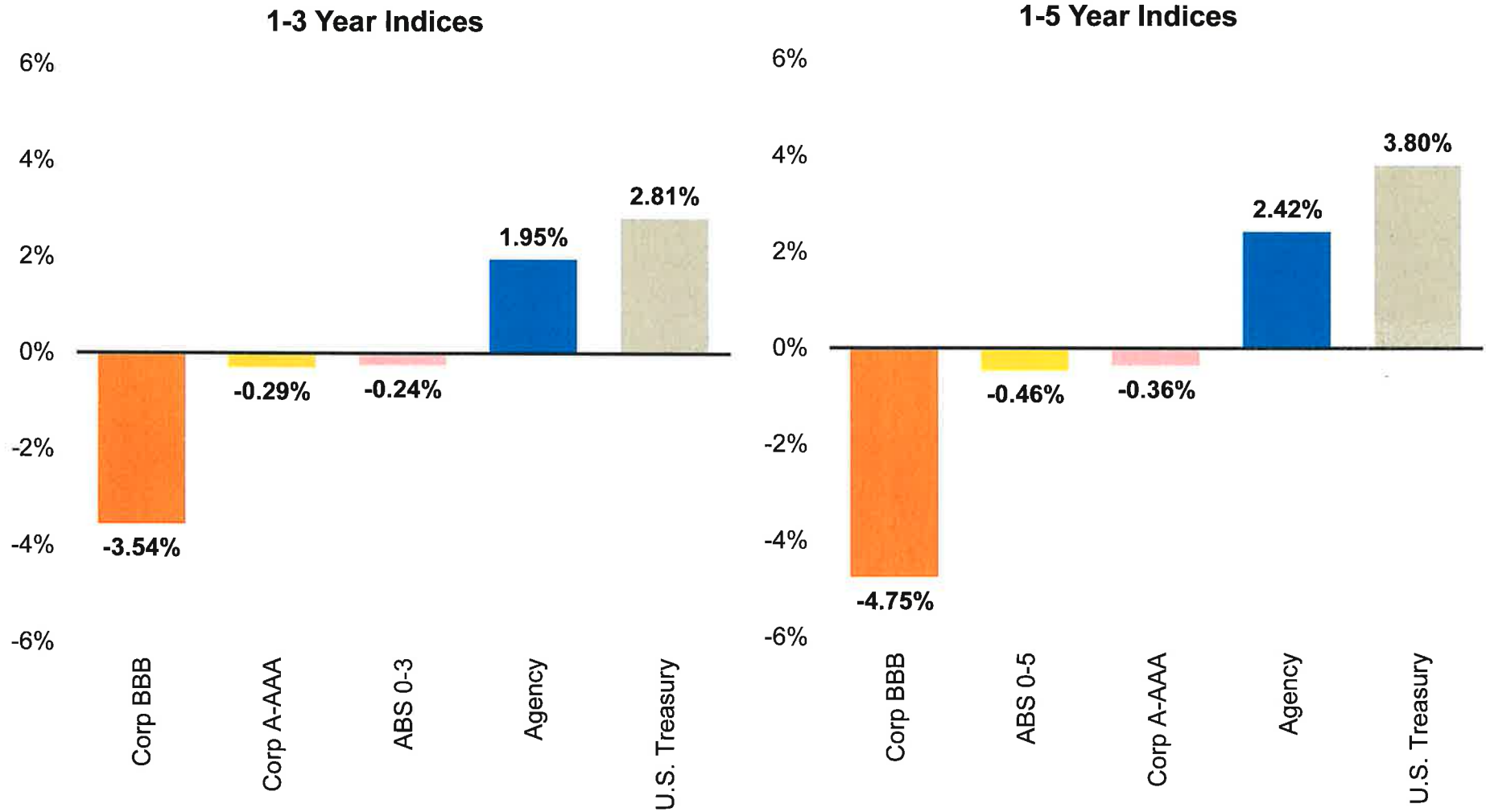
## Congress Passes \$2 Trillion Stimulus Package Coronavirus Aid, Relief, and Economic Security (CARES) Act

■ Direct Relief   
 ■ Loans   
 ■ Supplemental



Source: NPR, as of 3/31/2020.

### Government Sectors Outperform in the First Quarter



Source: Bloomberg, as of 3/31/2020

### Fixed-Income Sector Outlook – April 2020

Sector	Our Investment Preferences	Comments
<b>COMMERCIAL PAPER / CD</b>		<ul style="list-style-type: none"> <li>Money market credit spreads have come in but are still wide from a historic perspective. Fed action has gradually improved liquidity but varies by issuer.</li> </ul>
<b>TREASURIES</b>		
<b>T-Bill</b>		<ul style="list-style-type: none"> <li>T-Bills are attractive in the near term with overnight repo trading near zero and scarce agency discount note supply. Issuance is expected to increase.</li> <li>During times of extreme volatility, Treasuries typically have value as a safe haven. Recent market turmoil has strained the sector's liquidity as seen in wider bid/ask spreads; Fed facilities have improved the sector's functioning and liquidity is expected to further improve.</li> </ul>
<b>T-Note</b>		
<b>FEDERAL AGENCIES</b>		
<b>Bullets</b>		<ul style="list-style-type: none"> <li>Federal Agency bullet spreads have gapped tighter by 3-15 bps across the curve from the move wider two weeks ago. Bullets still offer relative value vs Treasuries and should be considered for reinvestment of cash or UST.</li> <li>Callable spreads to like maturity Treasuries have widened over the week. Value is available on a structure by structure basis.</li> </ul>
<b>Callables</b>		
<b>SUPRANATIONALS</b>		<ul style="list-style-type: none"> <li>Supranational spreads are at their widest levels since 2016. Despite the move wider, secondary offerings are still in line with similar maturity GSEs. Accounts should favor GSEs over secondary SSA's to enhance liquidity.</li> <li>New issues may benefit from their concession to existing supply.</li> </ul>
<b>CORPORATES</b>		
<b>Financials</b>		<ul style="list-style-type: none"> <li>Fed actions helped calm credit markets, allowing companies to bring a record month of bond issuance to shore up liquidity. The fiscal stimulus package should also help blunt the negative impact of the pandemic on the economy.</li> <li>We still remain cautious given an uncertain timeline to contain the virus, making it difficult to assess the potential damage to corporate balance sheets.</li> </ul>
<b>Industrials</b>		
<b>SECURITIZED</b>		
<b>Asset-Backed</b>		<ul style="list-style-type: none"> <li>ABS yield spreads widened significantly. There is a high level of uncertainty regarding the consumer's ability and/or willingness to make payments.</li> <li>Lower volatility and the Fed's ability to buy an unlimited amount of MBS has reduced the sector's spreads. Recent Fed action has also supported liquidity. Prepayment risk should be reduced in the near term.</li> <li>Agency CMBS spreads widened. The sector was added in the MBS purchase program which should provide support but renters' ability to pay is a question.</li> </ul>
<b>Agency Mortgage-Backed</b>		
<b>Agency CMBS</b>		
<b>MUNICIPALS</b>		<ul style="list-style-type: none"> <li>Taxable, tax-exempt and pre-refunded bonds offer relative value. We remain cautious on certain sub-sectors given potential risks from Covid-19.</li> </ul>

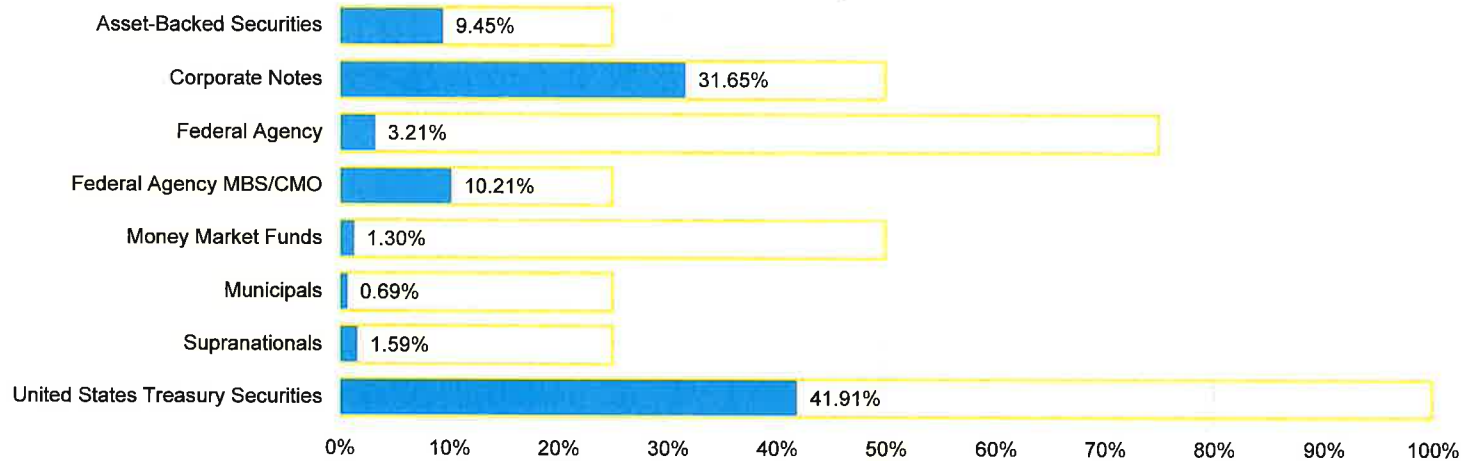
● Current outlook

○ Outlook one month ago



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- The College's Operating Fund Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, federal agency/CMO, corporate note, asset-backed, mortgage-backed securities, municipal and supranational securities.
- The Operating Fund Portfolio's quarterly total return performance of 1.27% underperformed the benchmark performance of 2.22% by 0.95%. Over the past year, the Portfolio earned 4.05%, versus 5.56% for the benchmark.
- Although the U.S. economy entered the year on a strong footing, that deteriorated quickly as the COVID-19 pandemic took hold across the globe, including the U.S. This created a threefold crisis: (1) a global health crisis, (2) a virtual economic shutdown in the U.S. and elsewhere, and (3) unprecedented moves in the financial markets. The immediate impact of the pandemic on global economies made typical economic indicators, most of which are backward-looking, essentially irrelevant.
- The Federal Reserve responded aggressively by:
  - Cutting rates at two emergency meetings to the new target range of 0% to 0.25%,
  - Initiating unlimited bond buying (quantitative easing) of various security types, and
  - Dusting off and adding to their playbook of market support programs from the 2008-9 financial crisis to cushion the potential blow on financial markets.
- Treasury yields plunged in response to the Fed's new zero interest rate policy, with longer-term Treasury yields reaching new historic lows. These moves led to positive returns on Treasury indexes. However, in a move reminiscent of 2008, yield spreads on all other asset classes spiked as investors grappled with unprecedented uncertainty. Credit allocations were a significant detractor of performance during the first quarter.
- Due to market disruption, ICE Data Services, the organization that oversees indices commonly used as fixed-income benchmarks, announced the postponement of the March 31, 2020 rebalancing for all fixed-income indices to alleviate the need for asset managers to execute forced trades in highly volatile markets.
- U.S. economic fundamentals are expected to deteriorate significantly in Q2 as the full effect of COVID-19 materializes. The real question is the duration of the economic shutdown and the speed and trajectory of the eventual recovery. As a result of this uncertainty, we plan to maintain neutral portfolio durations relative to their respective benchmarks into April as we monitor guidance from index vendors regarding future rebalancing.



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Asset-Backed Securities	3,317,213.67	9.45%	25%	Yes
Bankers' Acceptances	-	-	10%	Yes
Certificates of Deposit and Savings Accounts	-	-	50%	Yes
Commercial Paper	-	-	50%	Yes
Corporate Notes	11,107,889.29	31.65%	50%	Yes
Federal Agency	1,125,905.98	3.21%	75%	Yes
Intergovernmental Pools	-	-	50%	Yes
Federal Agency MBS/CMO	3,584,473.46	10.21%	25%	Yes
Money Market Funds	454,863.91	1.30%	50%	Yes
Municipals	240,504.76	0.69%	25%	Yes
Repurchase Agreements	-	-	40%	Yes
Supranationals	559,368.00	1.59%	25%	Yes
United States Treasury Securities	14,709,118.08	41.91%	100%	Yes
<b>Total</b>	<b>35,099,337.15</b>	<b>100.00%</b>		

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

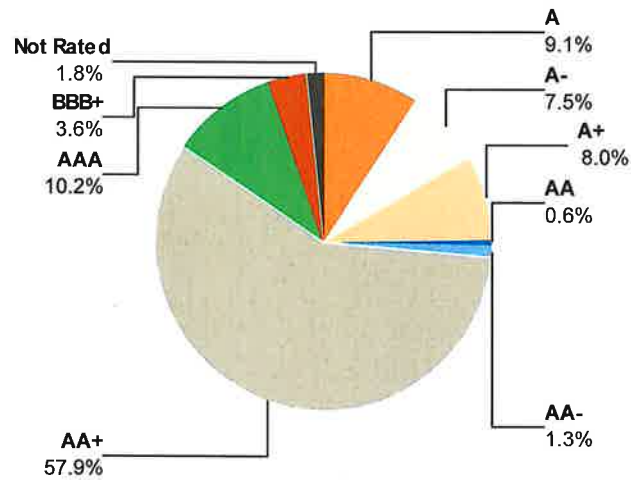


**Portfolio Statistics**

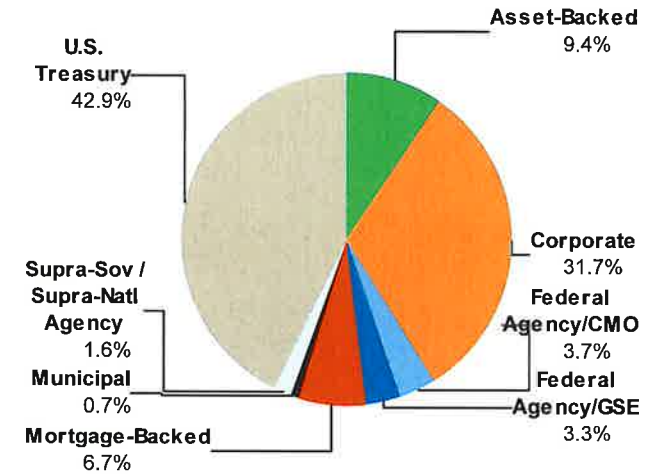
As of March 31, 2020

Par Value:	\$34,332,344
Total Market Value:	\$35,435,287
Security Market Value:	\$34,849,171
Accrued Interest:	\$131,252
Cash:	\$454,864
Amortized Cost:	\$34,513,221
Yield at Market:	1.26%
Yield at Cost:	1.85%
Effective Duration:	1.76 Years
Duration to Worst:	2.02 Years
Average Maturity:	2.77 Years
Average Credit: *	AA

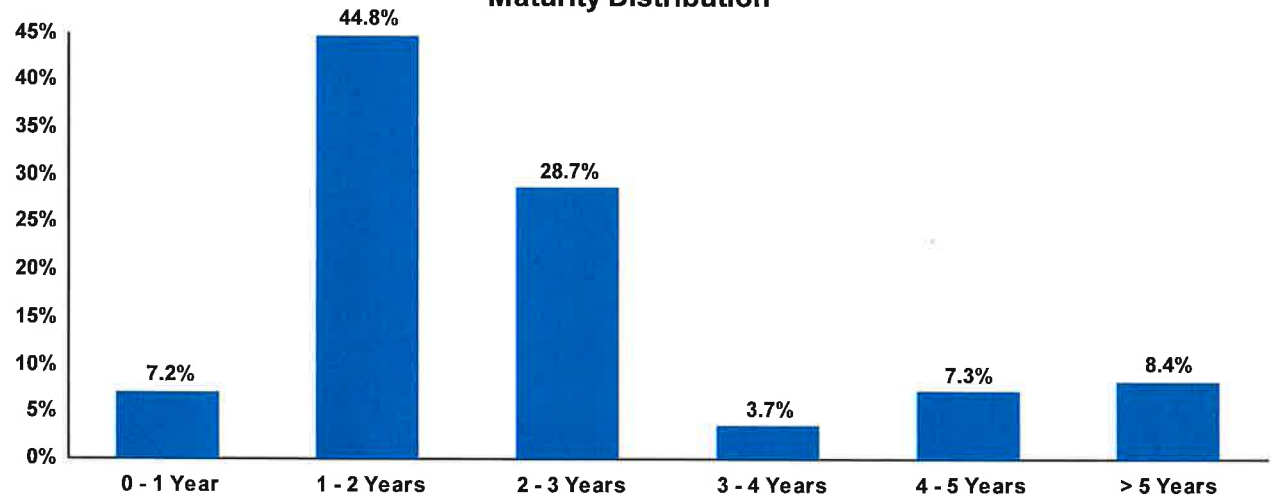
**Credit Quality (S&P Ratings)**



**Sector Allocation**



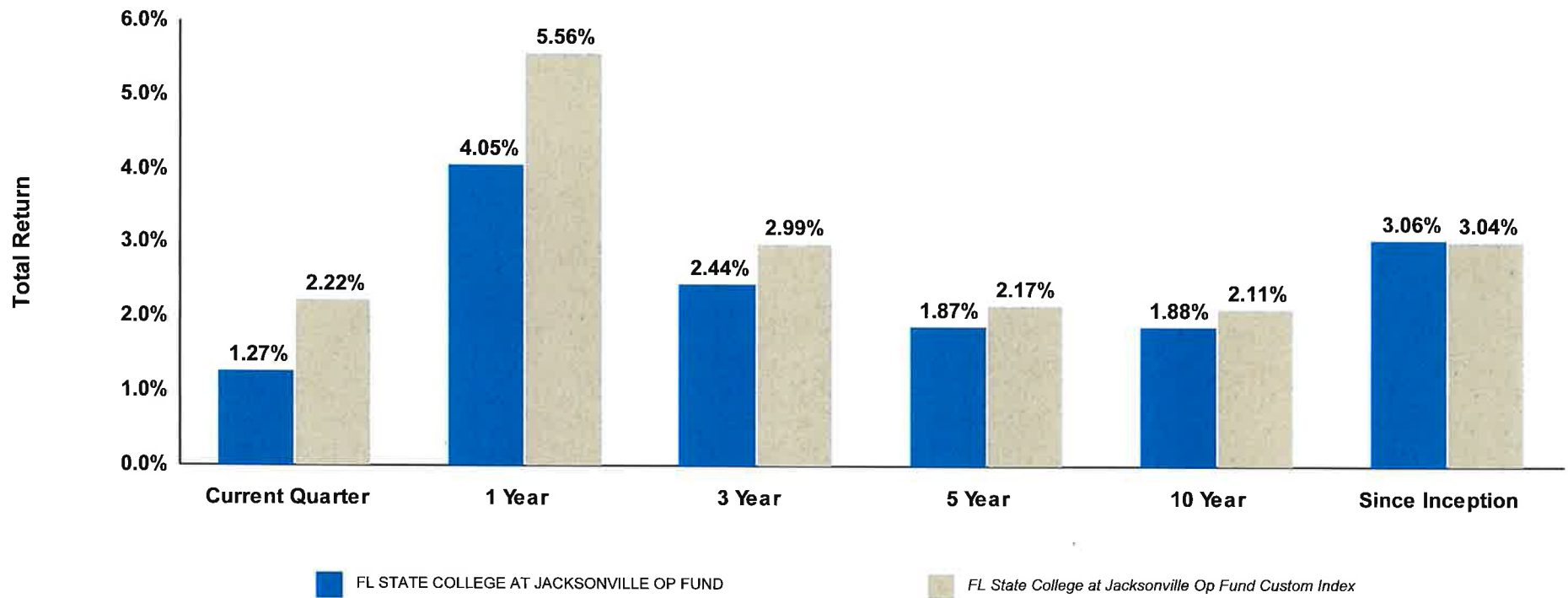
**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

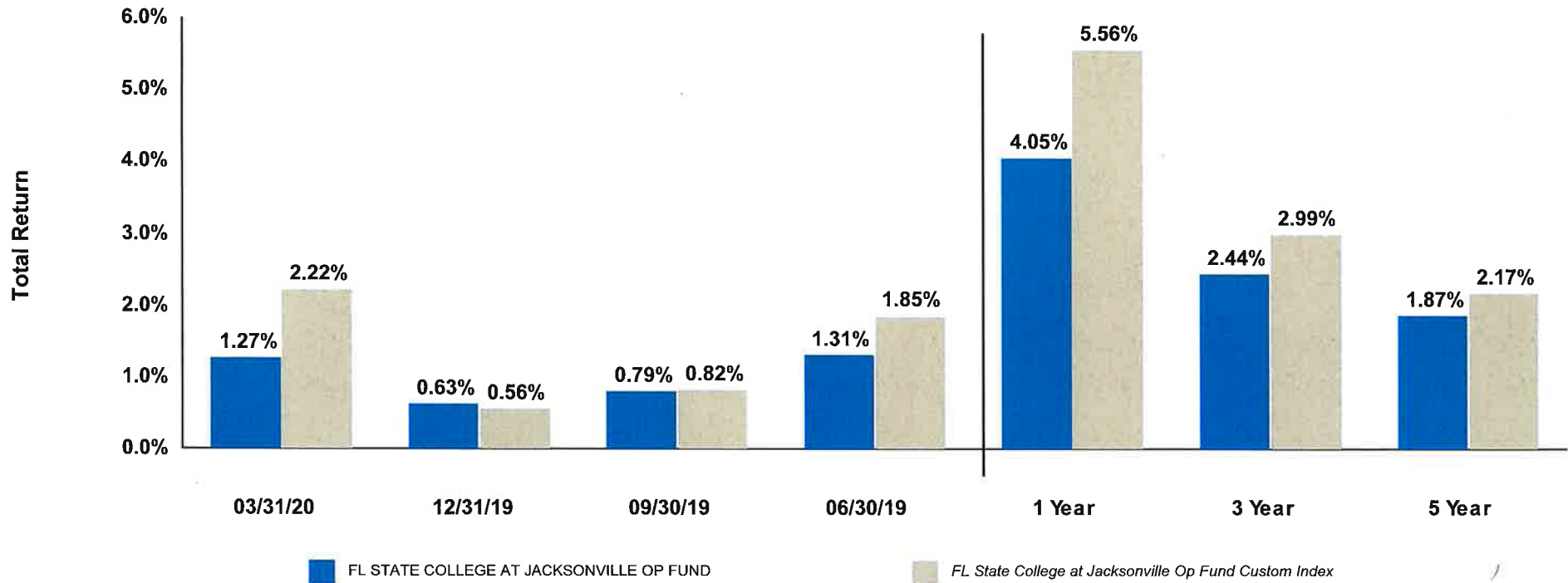
Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				
			1 Year	3 Year	5 Year	10 Year	Since Inception (06/30/06) **
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.76	1.27%	4.05%	2.44%	1.87%	1.88%	3.06%
<i>FL State College at Jacksonville Op Fund Custom Index</i>	1.79	2.22%	5.56%	2.99%	2.17%	2.11%	3.04%
Difference		-0.95%	-1.51%	-0.55%	-0.30%	-0.23%	0.02%



Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		03/31/20	12/31/19	09/30/19	06/30/19	1 Year	3 Year	5 Year
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.76	1.27%	0.63%	0.79%	1.31%	4.05%	2.44%	1.87%
FL State College at Jacksonville Op Fund Custom Index	1.79	2.22%	0.56%	0.82%	1.85%	5.56%	2.99%	2.17%
Difference		-0.95%	0.07%	-0.03%	-0.54%	-1.51%	-0.55%	-0.30%



Portfolio performance is gross of fees unless otherwise indicated.

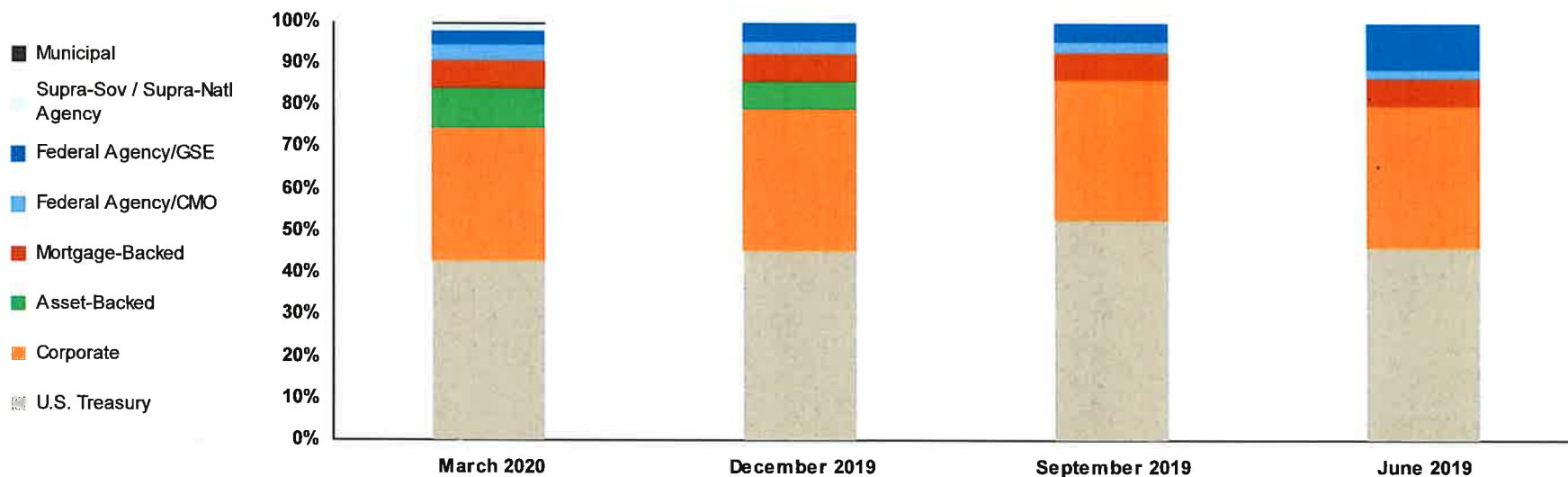
**Portfolio Earnings**  
**Quarter-Ended March 31, 2020**

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (12/31/2019)</b>	\$34,313,082.96	\$34,227,402.72
<b>Net Purchases/Sales</b>	\$277,153.53	\$277,153.53
<b>Change in Value</b>	\$258,934.34	\$8,664.96
<b>Ending Value (03/31/2020)</b>	\$34,849,170.83	\$34,513,221.21
<b>Interest Earned</b>	\$180,189.71	\$180,189.71
<b>Portfolio Earnings</b>	\$439,124.05	\$188,854.67

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Sector Allocation

Sector	March 31, 2020		December 31, 2019		September 30, 2019		June 30, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	15.0	42.9%	15.6	45.3%	18.0	52.9%	15.2	46.1%
Corporate	11.1	31.7%	11.5	33.7%	11.3	33.3%	11.2	34.0%
Asset-Backed	3.3	9.4%	2.3	6.7%	0.0	0.0%	0.0	0.0%
Mortgage-Backed	2.3	6.7%	2.3	6.7%	2.3	6.6%	2.2	6.7%
Federal Agency/CMO	1.3	3.7%	1.1	3.1%	0.9	2.7%	0.6	1.8%
Federal Agency/GSE	1.1	3.3%	1.5	4.5%	1.5	4.5%	3.8	11.4%
Supra-Sov / Supra-Natl Agency	0.6	1.6%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Municipal	0.2	0.7%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>Total</b>	<b>\$34.8</b>	<b>100.0%</b>	<b>\$34.3</b>	<b>100.0%</b>	<b>\$34.1</b>	<b>100.0%</b>	<b>\$32.9</b>	<b>100.0%</b>

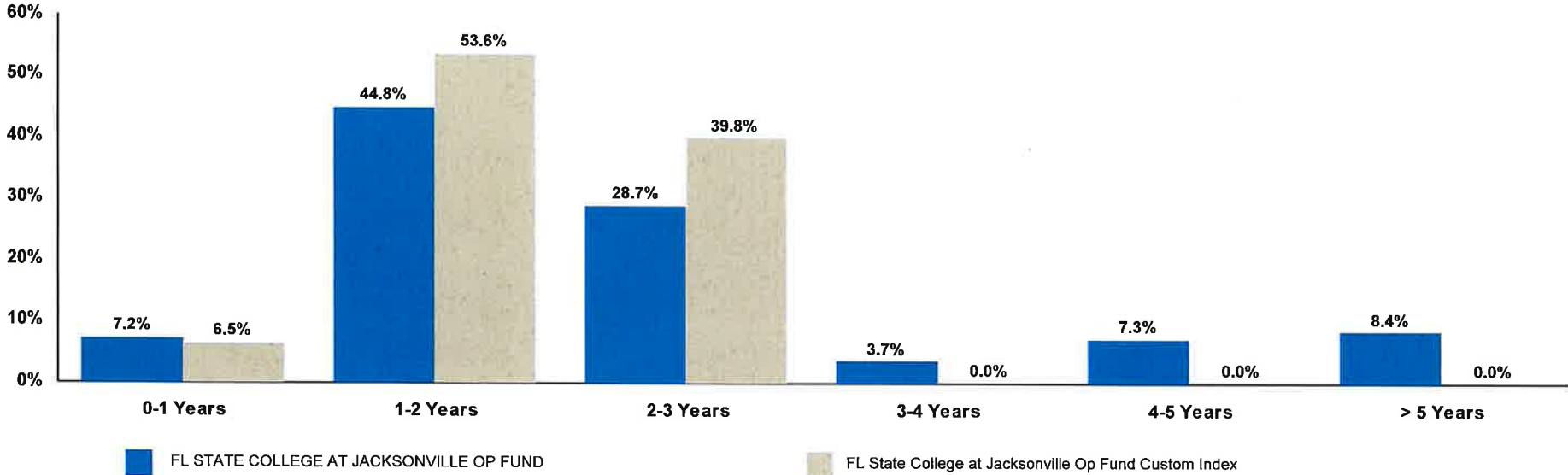


Detail may not add to total due to rounding.

**Maturity Distribution**

*As of March 31, 2020*

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
FL STATE COLLEGE AT JACKSONVILLE OP FUND	1.26%	2.77 yrs	7.2%	44.8%	28.7%	3.7%	7.3%	8.4%
FL State College at Jacksonville Op Fund Custom Index	0.60%	1.86 yrs	6.5%	53.6%	39.8%	0.0%	0.0%	0.0%

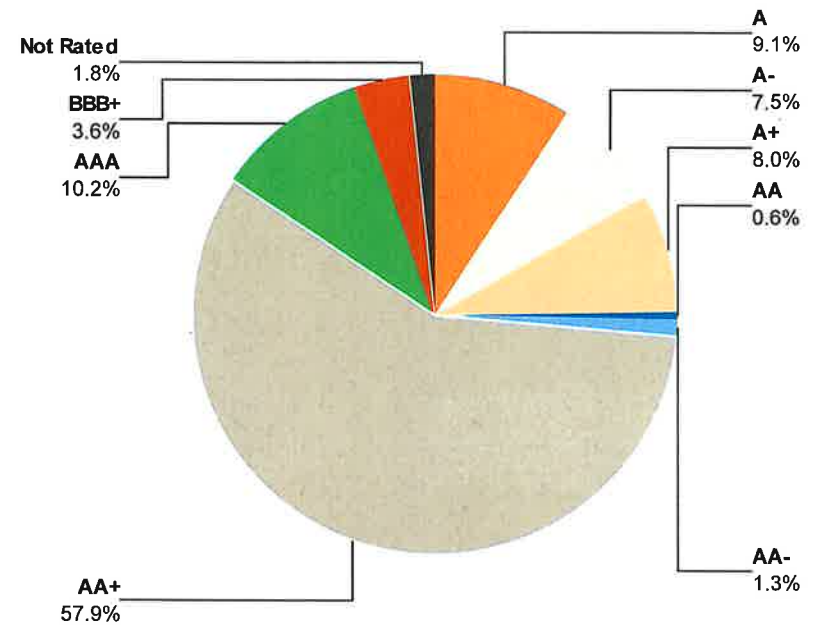


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**Credit Quality**

As of March 31, 2020

S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$20,171,735	57.9%
AAA	\$3,556,267	10.2%
A	\$3,176,260	9.1%
A+	\$2,799,687	8.0%
A-	\$2,621,380	7.5%
BBB+	\$1,256,068	3.6%
Not Rated	\$625,277	1.8%
AA-	\$441,772	1.3%
AA	\$200,726	0.6%
<b>Totals</b>	<b>\$34,849,171</b>	<b>100.0%</b>



Detail may not add to total due to rounding.

**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.





# FSCJ

Florida State College  
at Jacksonville

**Investment Performance Review**  
**QUASI ENDOWMENT FUND**  
**For the Quarter Ended March 31, 2020**

**Investment Advisors**

**PFM Asset Management LLC**

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## Executive Summary

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The Florida State College at Jacksonville Quasi Endowment Fund portfolio (the “Portfolio”) lost 16.07% (net of mutual fund fees) in the 1st quarter of 2020, slightly underperforming its policy benchmark return of -15.90% by 0.17%. Over the past year, the portfolio had a return of -6.27%, performing in-line with its -6.26% benchmark return. Since the inception date of July 1, 2016 the portfolio returned 4.99% annually compared to its 5.06% benchmark. In dollar terms, the portfolio lost \$893,768 over the quarter and lost \$312,237 over the past 12-months.

Domestic equities as represented by the Russell 3000 index posted a return of -20.9% for the quarter, hurt by the continued concerns surrounding the COVID-19 pandemic. Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their domestic equity counterparts, returning -23.4% for the first quarter. The U.S. bond market, represented by the Bloomberg Barclays U.S. Aggregate Index, returned 3.1% in a highly volatile market. PFM’s decision to underweight total equities on March 1<sup>st</sup> benefited performance. However, those benefits were temporarily offset by underperforming fixed income managers with a credit overweight and U.S. Treasury underweight during the flight to quality.

Currently, the portfolio is approximately 4% underweight to domestic and international equities, and approximately 2.5% overweight in fixed income, considering the volatility in the markets. U.S. economic fundamentals are expected to deteriorate significantly in Q2 as the full effect of COVID-19 materializes. With this defensive positioning, we remain mindful of the possible extended duration of the economic shutdown and the speed and trajectory of the eventual recovery. Given the Endowment’s goals and objectives are long-term in nature, the portfolio continues to be appropriately diversified and in compliance with its investment policy guidelines.



# Executive Summary

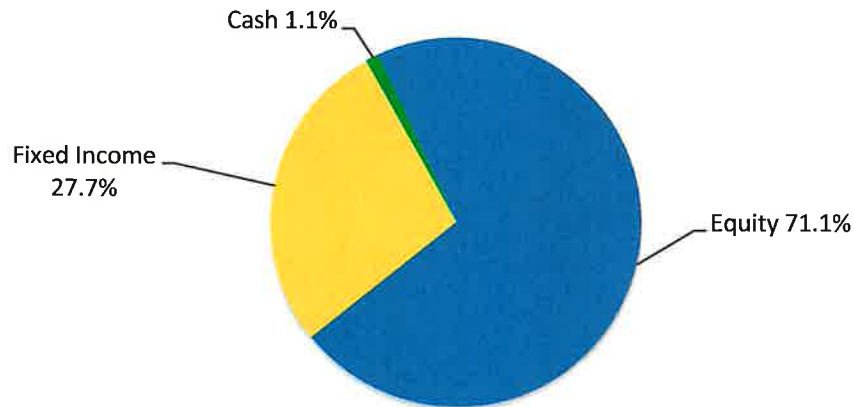
## Current Asset Allocation

Asset Class	Market Value	Pct (%)
Cash	\$53,151	1.1%
Equity	3,321,612	71.1%
Fixed Income	1,294,310	27.7%
<b>Total</b>	<b>\$4,669,073</b>	<b>100.0%</b>

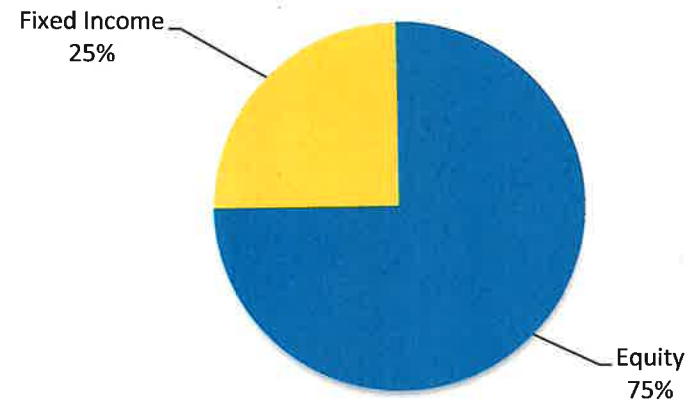
## Target Asset Allocation

Asset Class	Market Value	Pct (%)	Range
Cash	\$0	0%	0% - 20%
Equity	3,501,805	75%	70%-80%
Fixed Income	1,167,268	25%	20%-30%
<b>Total</b>	<b>\$4,669,073</b>	<b>100%</b>	

## Current Asset Allocation



## Target Asset Allocation



QUARTERLY MARKET SUMMARY

Market Index Performance

As of March 31, 2020

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
<b>DOMESTIC EQUITY</b>							
S&P 500	-19.60%	-19.60%	-6.98%	5.10%	6.73%	9.62%	10.53%
Russell 3000 Index	-20.90%	-20.90%	-9.13%	4.00%	5.77%	8.96%	10.15%
Russell 1000 Value Index	-26.73%	-26.73%	-17.17%	-2.18%	1.90%	5.56%	7.67%
Russell 1000 Growth Index	-14.10%	-14.10%	0.91%	11.32%	10.36%	12.93%	12.97%
Russell Midcap Index	-27.07%	-27.07%	-18.31%	-0.81%	1.85%	6.35%	8.77%
Russell 2500 Index	-29.72%	-29.72%	-22.47%	-3.10%	0.49%	4.91%	7.73%
Russell 2000 Value Index	-35.66%	-35.66%	-29.64%	-9.51%	-2.42%	1.80%	4.79%
Russell 2000 Index	-30.61%	-30.61%	-23.99%	-4.64%	-0.25%	4.21%	6.90%
Russell 2000 Growth Index	-25.76%	-25.76%	-18.58%	0.10%	1.70%	6.47%	8.89%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE (Net)	-22.83%	-22.83%	-14.38%	-1.82%	-0.62%	1.75%	2.72%
MSCI AC World Index (Net)	-21.37%	-21.37%	-11.26%	1.50%	2.85%	5.07%	5.88%
MSCI AC World ex USA (Net)	-23.36%	-23.36%	-15.57%	-1.96%	-0.64%	1.06%	2.05%
MSCI AC World ex USA Small Cap (Net)	-29.01%	-29.01%	-21.18%	-4.89%	-0.81%	1.05%	2.79%
MSCI EM (Net)	-23.60%	-23.60%	-17.69%	-1.62%	-0.37%	-0.40%	0.69%
<b>ALTERNATIVES</b>							
FTSE NAREIT Equity REIT Index	-27.30%	-27.30%	-21.26%	-3.14%	-0.35%	3.46%	7.40%
FTSE EPRA/NAREIT Developed Index	-28.34%	-28.34%	-23.22%	-2.92%	-1.15%	1.62%	5.26%
Bloomberg Commodity Index Total Return	-23.29%	-23.29%	-22.31%	-8.61%	-7.76%	-10.04%	-6.74%
<b>FIXED INCOME</b>							
Blmbg. Barc. U.S. Aggregate	3.15%	3.15%	8.93%	4.82%	3.36%	3.19%	3.88%
Blmbg. Barc. U.S. Government/Credit	3.37%	3.37%	9.82%	5.17%	3.54%	3.32%	4.15%
Blmbg. Barc. Intermed. U.S. Government/Credit	2.40%	2.40%	6.88%	3.79%	2.76%	2.46%	3.14%
Blmbg. Barc. U.S. Treasury: 1-3 Year	2.76%	2.76%	5.41%	2.69%	1.84%	1.51%	1.44%
Blmbg. Barc. U.S. Corp: High Yield	-12.68%	-12.68%	-6.94%	0.77%	2.78%	3.33%	5.64%
Credit Suisse Leveraged Loan Index	-10.23%	-10.23%	-9.44%	-0.72%	1.21%	1.97%	3.26%
ICE BofAML Global High Yield Constrained (USD)	-14.10%	-14.10%	-8.28%	0.32%	2.66%	2.77%	5.10%
Blmbg. Barc. Global Aggregate Ex USD	-2.68%	-2.68%	0.74%	2.58%	2.04%	0.38%	1.40%
JPM EMBI Global Diversified	-13.38%	-13.38%	-6.84%	0.42%	2.82%	2.89%	4.94%
<b>CASH EQUIVALENT</b>							
90 Day U.S. Treasury Bill	0.58%	0.58%	2.25%	1.83%	1.17%	0.85%	0.62%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

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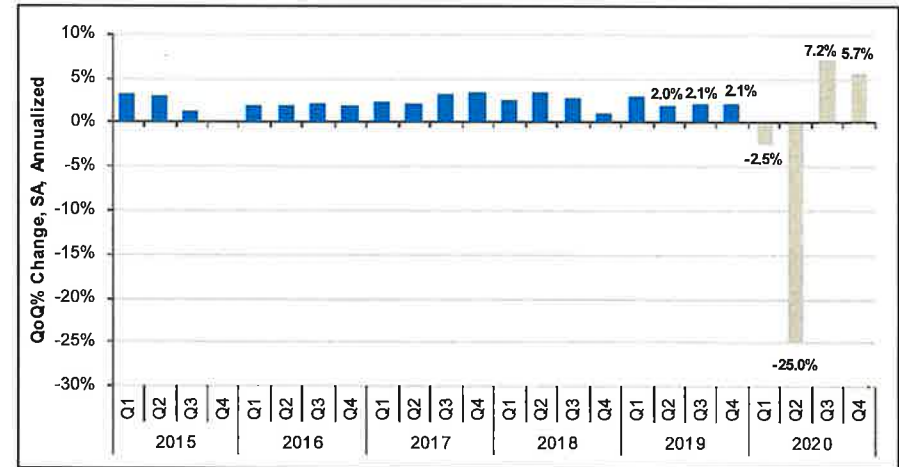


QUARTERLY MARKET SUMMARY

THE ECONOMY

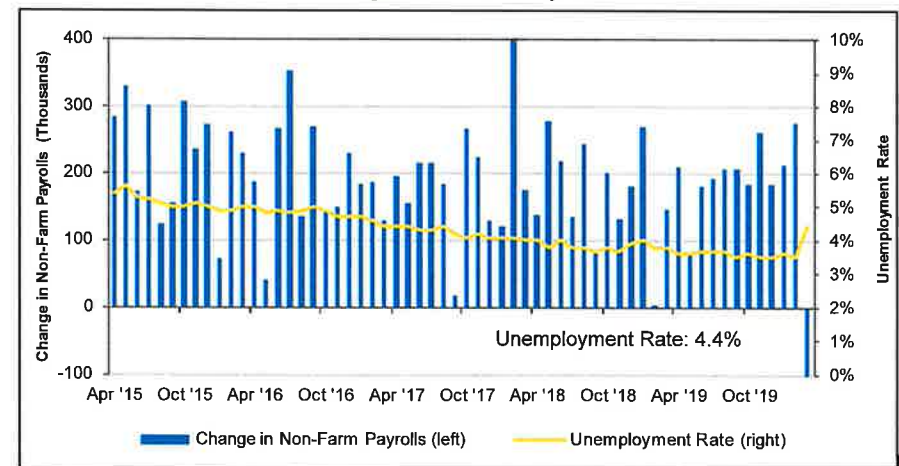
- On March 13, President Trump declared a national emergency to stave off the spread of the novel coronavirus or COVID-19. Since that time, the pandemic has led to an unprecedented shutdown of the U.S. economy. The magnitude and duration of the economic shock largely depend on the success of containment efforts, which have been threatened by a potential second wave of infections. Initial gross domestic product (GDP) forecasts for the first quarter of 2020 show annualized growth of -2.5%, down over 4.5% from the fourth quarter of 2019. A sharp contraction is expected in the second quarter of the year followed by a protracted recovery in the third and fourth quarters of 2020.
- A near decade long hiring streak came to an end in March. The U.S. economy shed 701,000 jobs in March, the largest monthly decline in payrolls since March 2009. From March 14 to April 10, 22 million Americans filed for unemployment benefits. The March unemployment rate rose from 3.5% to 4.4%. Forecasts by IHS Markit predict 14 million more jobs will be lost in the remainder of 2020, with an unemployment rate topping off near 10%.
- The longest bull market in history also ended in March, as equity prices and bond yields plummeted. The S&P 500 Index (S&P) fell about 32% from peak-to-trough, as investors sought lower-risk assets. Yields across the U.S. Treasury yield curve each fell over 100 basis points (bps), reflecting the rise in prices in response to higher demand.
- An oil price war between Saudi Arabia and Russia broke out in March after Saudi Arabia announced unexpected price discounts to buyers in Europe, Asia and the U.S. Oil prices slid to an 18-year low as a combined result of the price war and the plummeting demand due to the COVID-19 pandemic. The energy sector suffered steep declines at the prospect of demand falling by an estimated average of 9.3 million barrels per day in 2020 versus 2019 according to the International Energy Agency.
- Globally, central banks and governments have responded with unprecedented monetary and fiscal policy support. Government-backed loans should help most businesses, but grants or bailouts are inevitable for the hardest-hit companies. Asset purchase programs have also been restarted or grown, while interest rates have been cut dramatically.

U.S. Real GDP Growth  
Seasonally Adjusted (SA)



Source: Bloomberg. Blue bars indicate actual numbers; taupe bars indicate forecasted estimates.

Change in Non-Farm Payrolls



Source: Bloomberg.

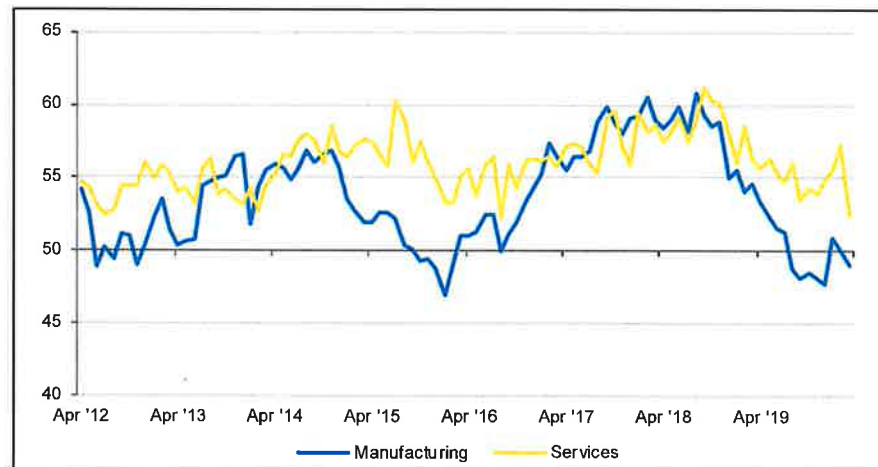


## QUARTERLY MARKET SUMMARY

### WHAT WE'RE WATCHING

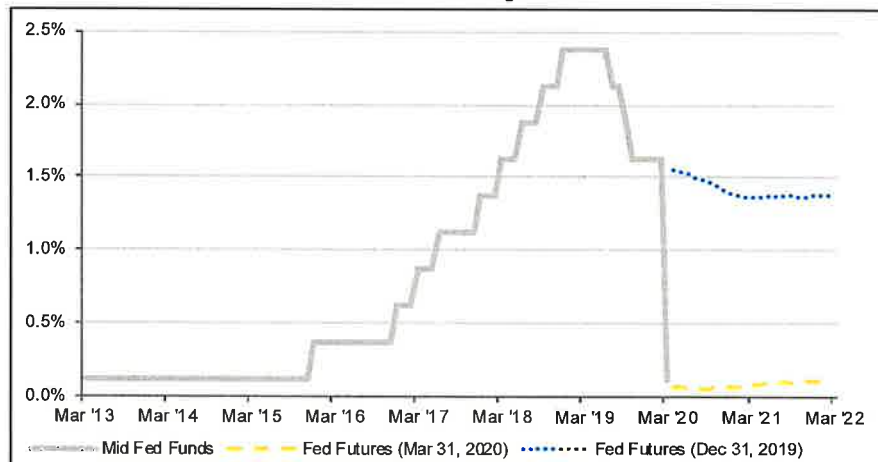
- Investors are anxious to see if the Federal Reserve's (Fed) significant and unparalleled monetary policy intervention will be successful not only in supporting millions of Americans through a recession, but also in laying a foundation for a robust recovery. In just a month, the Fed dropped its benchmark interest rate to near 0% from near 1.5%, and established several liquidity programs to reduce strains on local governments and businesses. Additionally, the Fed announced it would begin buying corporate bonds for the first time in its history. Credit spreads, which were the widest they had been since the financial crisis, narrowed substantially. The Fed has repeatedly said it is committed to using its full range of tools to fulfill its dual mandate of price stability and maximum employment.
- In late March, Congress and President Trump converged on a \$2 trillion fiscal stimulus package to offer support to millions of Americans affected by COVID-19. The legislation represents the largest emergency aid package in U.S. history, worth about 10% of U.S. GDP. Two other stimulus packages were signed earlier in March, including nearly \$115 billion for research, response efforts and employment benefits related to COVID-19. If the package is enough to support individuals, companies and even local governments over the length of the lockdown depends on the duration of the pandemic and the efficacy of containment measures.
- In April, Investors will gain insight into how the largest companies are holding up as earnings season kicks off. Nearly 300 companies have withdrawn their earnings forecasts due to the uncertainty caused by COVID-19. FactSet projected a 9% year-over-year decline in corporate earnings for the year, compared to a 9.2% year-over-year growth anticipated at the end of 2019.
- The novel coronavirus now spans the entire globe and is still spreading. As the total number of new COVID-19 cases rises in the U.S., countries that were initially affected by the pandemic are reporting slowdowns in the rate of new cases and deaths. In early April, China lifted its lockdown in Wuhan, the epicenter of the pandemic, and Italy reported its fewest number of deaths in a day since mid-March. However, reports of people contracting COVID-19 a second time, after having recovered from the infection previously, are threatening to create more uncertainty about when the economy will reopen. We will likely remain somewhat defensive until we see a reduction in the growth of new novel coronavirus cases in the U.S. and abroad, and as policy actions take hold in the form of businesses reopening and employees returning to work.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Federal Funds Target Rate



Source: Bloomberg.

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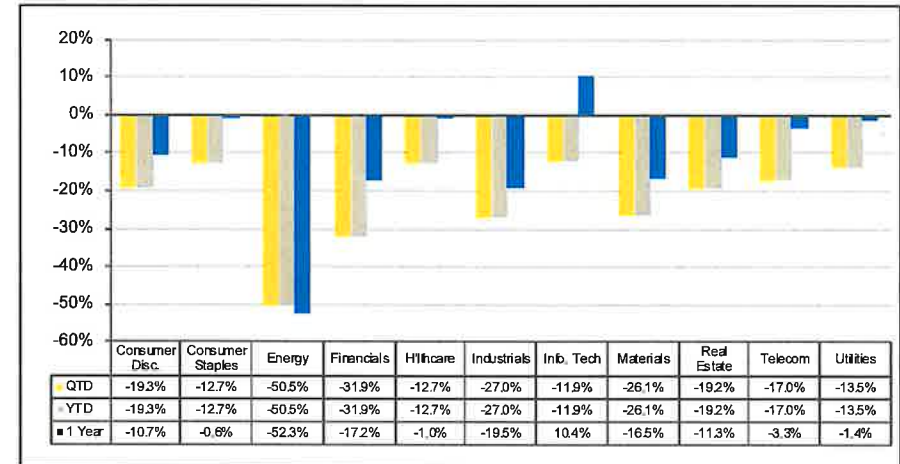


QUARTERLY MARKET SUMMARY

DOMESTIC EQUITY

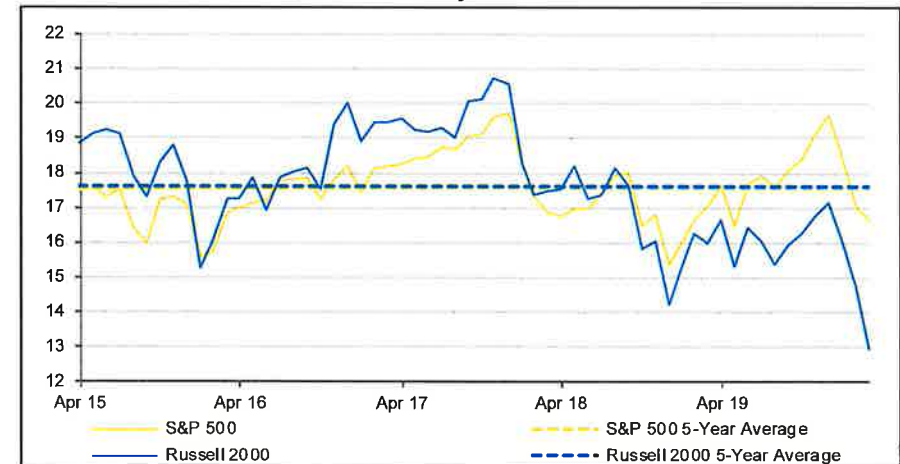
- The S&P posted a return of -19.6% for the quarter, hurt by the continued concerns surrounding the COVID-19 pandemic. February 19 marked the end of the last bull market with markets entering bear market territory throughout March. The equity markets bottomed on March 23, rallying in response to the largest fiscal stimulus in U.S. history.
- Within the S&P, IT (-11.9%), Healthcare (-12.7%) and Consumer Staples (-12.7) held up the best. Energy was the worst-performing sector for the quarter, returning -50.5%. Energy was impacted by the drastic fall in oil prices amid an increase in supply driven by a price war between Saudi Arabia (and Organization of the Petroleum Exporting Countries or OPEC) and Russia, at a time of falling demand.
- Value stocks, as represented by the Russell 1000 Value Index, returned -26.7% and underperformed growth stocks, as represented by the Russell 1000 Growth Index, which returned -14.1%. Growth stocks also led the way in mid- and small-caps. This divergence between value and growth performance was a continuation of the trend observed last year.
- Small-caps, as represented by the Russell 2000 Index, returned -30.6% during the quarter and lagged mid- and large-caps. The underperformance was wider when compared to large-caps, as represented by the Russell 1000 Index (returned -20.2%). It was driven by lack of liquidity, concerns on access to capital and earnings uncertainty stemming from business disruption.
- For the quarter, volatility as measured by the VIX, reached an all-time high (82.69) due to uncertainty surrounding the length of the pandemic induced economic slowdown.

S&P 500 Index Performance by Sector  
Periods Ended March 31, 2020



Source: Bloomberg.

P/E Ratios of Major Stock Indices\*



Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

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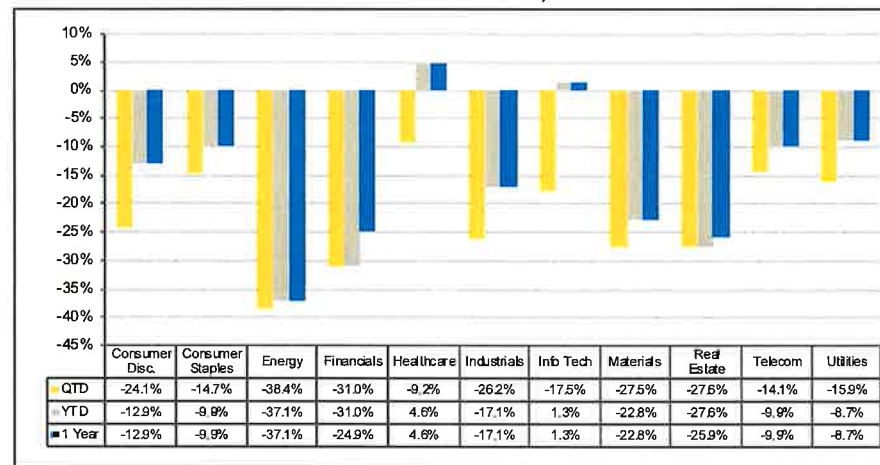


QUARTERLY MARKET SUMMARY

NON-U.S. EQUITY

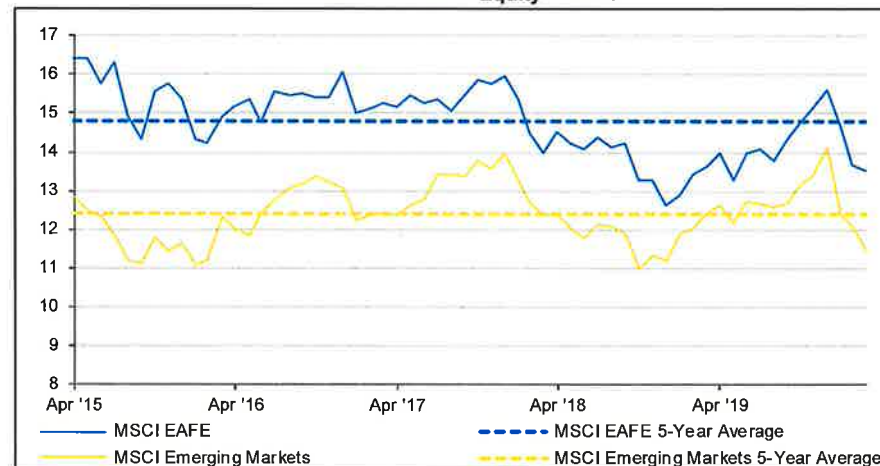
- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their domestic equity counterparts, returning -23.4% for the first quarter. All 11 sectors had negative returns during the quarter with Healthcare performing the best, returning -9.2%. The worst performer in the index was Energy, which returned -38.4%, impacted by the continued oil price war.
- The rise of COVID-19 cases among European countries led to widespread lockdowns with expectations of a sharp economic slowdown in the first half of the year. Global GDP growth in the first and second quarters is expected to be worse than what was realized during the Great Financial Crisis.
- Emerging markets (EM), as represented by MSCI Emerging Market Index, trailed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning -23.6% versus -22.8% for the quarter. Japan was a strong performer, with the MSCI Japan Index returning -16.8% for the quarter. EM Asia, as well as EMEA were the worst performers for the quarter, returning -45.6% and -33.9%, respectively.
- Value underperformed growth for the quarter in both Developed Markets (MSCI EAFE Growth -17.5% versus MSCI EAFE Value -28.2%) as well as broad International Markets (MSCI AC World ex-USA Growth -18.3% versus MSCI AC World ex-USA Value -28.6%).
- China held up during the quarter, returning 10.2% as represented by MSCI China Index. The country began to reopen stores and factories at the end of March, signaling the beginning of the recovery after the widespread shutdown resulting from the coronavirus outbreak.

MSCI ACWI ex-U.S. Sectors  
Periods Ended March 31, 2020



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices\*



Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



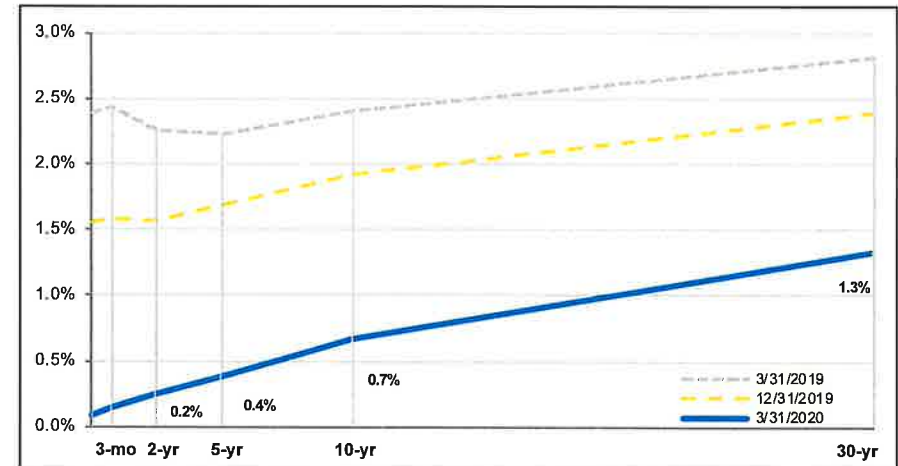


QUARTERLY MARKET SUMMARY

FIXED INCOME

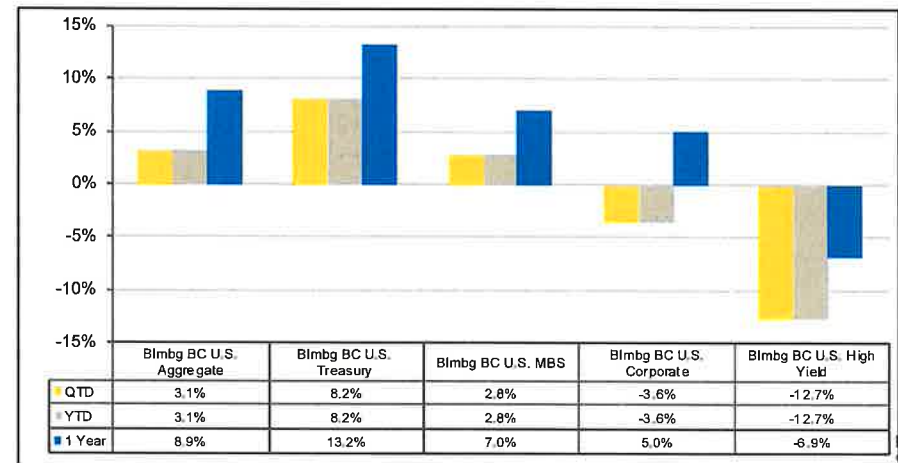
- The U.S. bond market, represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, returned 3.1% in a highly volatile market.
- Rates declined sharply as the Federal Open Market Committee made two emergency cuts to the Fed Funds rate during the quarter, with the long end of the curve falling on the loss of economic activity. After hitting record lows in early March, the 10-year and 30-year treasury rates closed the quarter at 0.7% and 1.35%, respectively. The sizable drop in rates was the main driver of positive Aggregate performance.
- Investment-grade (IG) corporate spreads declined during the quarter. The Bloomberg Barclays U.S. Corporate Index fell 3.6% in a volatile market that sold down double digits before the Fed announced support for IG corporate credit. However, high yield bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield (HY) Index, remained sharply down for the quarter at -12.7%. CCC-rated debt finished the quarter down 20.6%.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, gained 2.8%. Similar to IG corporate, this asset class faced a downturn before Fed intervention. Meanwhile, the Bloomberg Barclays U.S. Agency CMBS Index (measuring commercial MBS) gained 4.1%, but much of the market damage was in mezzanine tranches not captured in the index. For example, the BBB-rated tranche of non-agency CMBS fell 19.3% in the quarter.
- EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, fell 13.4% on virus-led fears of global growth slowing coupled with OPEC and Russia cutting oil output targets.

U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments  
Periods Ended March 31, 2020



Source: Bloomberg. "Blmbg BC" is Bloomberg Barclays.

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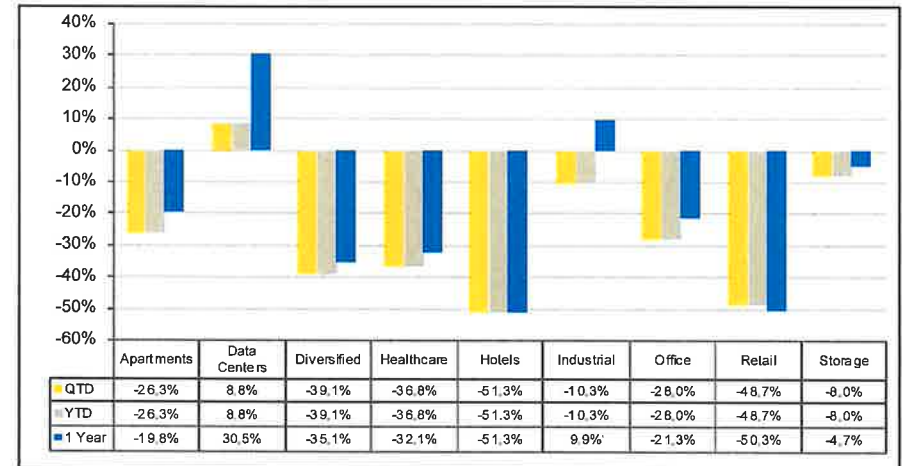


QUARTERLY MARKET SUMMARY

ALTERNATIVES

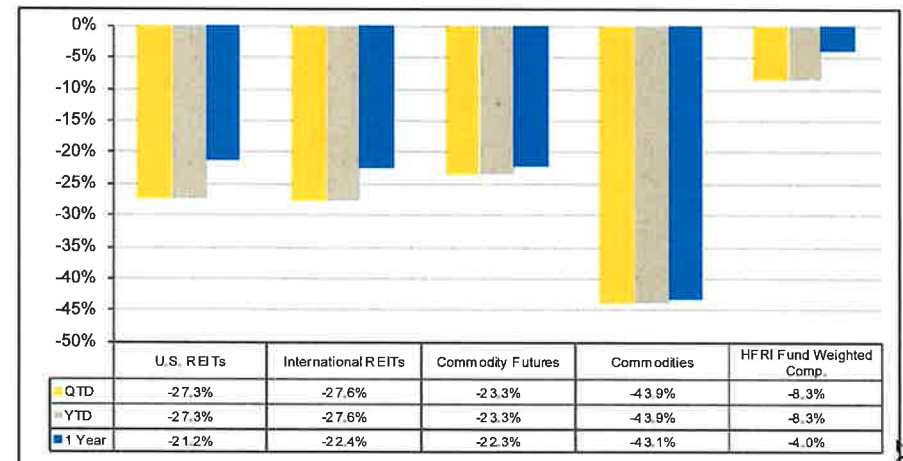
- Real estate investment trusts (REIT), as measured by the FTSE NAREIT Equity REITs Index, returned -27.3% in the first quarter, more than offsetting 2019's gains of 26.0%. Most REIT sector returns were negative in the first quarter, with eight of nine sectors posting losses. Data Centers were the exception, posting a positive return of 8.8%. The largest sector drawdowns were experienced by Lodging/Resorts, Retail, and Diversified, which posted returns of -51.3%, -48.7%, and -39.1%, respectively.
- Private real estate, as measured by the NCREIF Property Index, and assessed on a one-quarter lag, generated a total return of 1.6% in the fourth quarter, resulting in a 2019 full year return of 6.4%. Industrial properties continue to be the top-performing sector with a return of 3.2% for the fourth quarter, in line with the sectors 3.2% return in the third quarter. Retail properties returns continue to lag with a total return of 0.1%, comprised of an income return of 1.2% and an appreciation return of -1.1%.
- Hedge fund, represented by the HFRI Fund Weighted Composite Index, returned -8.3% over the first quarter. During the same period, the HFRI Macro returned 1.2%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned -13.0% and -6.0%, respectively.
- In the third quarter of 2019, private capital fundraising was led by private equity funds, which closed on \$163 billion, followed by \$37 billion raised by private real estate funds, \$22 billion raised by private debt funds and \$8 billion raised by infrastructure funds. Private equity dry powder, which accounts for the bulk of private capital dry powder, reached \$1.43 trillion as of year-end 2019. According to Cambridge Associates, U.S. private equity generated a return of 11.5% for the five years ending in the third quarter of 2019. According to Cliffwater Direct Lending Index, U.S. middle-market loans, a proxy for private debt, generated a return of 8.5% for the five years ending in the fourth quarter of 2019.
- Commodity futures, represented by the Bloomberg Commodity Total Return Index, returned -23.3% in the first quarter. The U.S. Dollar Index (DXY) gained 2.8% in the first quarter. Gold spot price ended the quarter at \$1,577.18 per ounce, representing a 3.9% gain over the period. West Texas Intermediate (WTI) crude oil spot price fell 66.5% from \$61.06 to \$20.48 during the first quarter. The sharp decline in the crude oil price was a result of reduced demand due to the COVID-19 pandemic, as well as the expectations of a supply glut.

FTSE NAREIT Sectors  
Periods Ended March 31, 2020



Source: Bloomberg.

Returns for Alternative Assets  
Periods Ended March 31, 2020



Sources: Bloomberg and Hedge Fund Research, Inc.



QUARTERLY MARKET SUMMARY

Investment Strategy Overview  
For the Second Quarter 2020










Asset Class	Our Investment Outlook	Comments
<b>U.S. EQUITIES</b>		<ul style="list-style-type: none"> <li>We believe that the U.S. economy has already entered a recession in light of the fall in manufacturing activity, services demand and rising unemployment. We are closely monitoring the containment measures to assess the depth and duration of the recession. Our cautious view has led us to be underweight equities.</li> <li>Suspension of earnings guidance and dividends by several firms has led to greater uncertainty on earnings and profit margins.</li> <li>Mid-caps and small-caps are expected to be more vulnerable to cash flow disruptions.</li> </ul>
Large-Caps		
Mid-Caps		
Small-Caps		
<b>NON-U.S. EQUITIES</b>		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities, but a sharp recession followed by a gradual, protracted recovery makes us cautious.</li> <li>COVID-19 pandemic is expected to hurt EM economies at varying levels, with the most vulnerable being those with stressed healthcare infrastructure.</li> <li>International small-caps are expected to be impacted more by the slowdown as smaller companies are typically more vulnerable to cash flow disruption.</li> </ul>
Developed Markets		
Emerging Markets		
<b>FIXED INCOME</b>		<ul style="list-style-type: none"> <li>Global central banks have reacted swiftly to the threat of the pandemic-induced slowdown by embarking on coordinated accommodative policies. In the current period of uncertainty, our allocation to fixed income is driven by our defensive stance.</li> <li>We have seen dislocations in the credit market in the month of March when spreads widened sharply. We are positive on the investment grade corporate bond market due to support from the Fed's bond-buying program. High yield may be more impacted if we see an increase in downgrades and defaults.</li> </ul>
Long Duration, Interest-Rate-Sensitive Sectors		
Credit-Sensitive Sectors		
<b>ALTERNATIVES</b>		<ul style="list-style-type: none"> <li>While valuations look attractive, the disruption to rental income due to the broad shutdown, along with possibility of defaults in the future, makes us cautious.</li> <li>Tighter credit market conditions and prolonged business disruptions could hurt access to capital, thereby impacting valuations, especially in the case of a prolonged slowdown.</li> <li>Private debt strategies are expected to be impacted by cash flow uncertainty as businesses adjust to lack of demand in the short-term.</li> <li>Select hedge fund strategies managed by talented managers may provide some benefit in the current market environment of increased volatility. We remain cautious on the overall hedge fund universe.</li> </ul>
Real Estate		
Private Equity		
Private Debt		
Hedge Funds		

● Current outlook    ○ Outlook one quarter ago



QUARTERLY MARKET SUMMARY

Factors to Consider Over the Next 6-12 Months  
For the Second Quarter 2020

<p><b>Monetary Policy:</b></p>  <ul style="list-style-type: none"> <li>Fed has taken an accommodative stance along with quantitative easing and other measures to offer liquidity and stability.</li> <li>Globally, all major central banks remain accommodative.</li> </ul>	<p><b>Economic Growth:</b></p>  <ul style="list-style-type: none"> <li>In the U.S., economic activity has been severely impacted by a pandemic induced shutdown, leading to the expectation of a sharp recession with a gradual recovery.</li> <li>Global growth expectations are sharply lower due to the unprecedented lockdowns leading to demand as well as supply shocks.</li> </ul>	<p><b>Fiscal Stimulus:</b></p>  <ul style="list-style-type: none"> <li>Fiscal stimulus, especially with the passage of the CARES Act offers a backstop to the impact from rising unemployment to the consumer and demand shock for businesses.</li> <li>Additional stimulus is expected if economic growth expectations continue to deteriorate.</li> </ul>
<p><b>COVID-19 Containment:</b></p>  <ul style="list-style-type: none"> <li>The containment within the U.S. and globally will define how quickly social distancing measures will be lifted. Concerns around the rise of a second wave of infections remain a focal point for economic recovery in the fall.</li> </ul>	<p><b>Consumer Confidence (U.S.):</b></p>  <ul style="list-style-type: none"> <li>Labor market conditions are further expected to deteriorate, impacting consumer confidence.</li> <li>After the fading of fiscal stimulus support, the ability of the economy to absorb the unemployed will impact consumer confidence over the next 6-12 months.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>Range-bound inflation remains, but concerns are rising that inflation could increase as latent demand hits the economy post the relaxation of social distancing efforts.</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>Profit margins are expected to contract globally as a result of both demand and supply shocks. Uncertainty around earnings remains.</li> <li>Credit markets have stabilized recently but could see further volatility as economic conditions deteriorate.</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>Equity market valuations look attractive but uncertainty related to earnings makes us cautious.</li> <li>Fed's actions that provide support to certain spread sectors is a tailwind to fixed income assets.</li> </ul>	<p><b>Political Risks:</b></p>  <ul style="list-style-type: none"> <li>Upcoming U.S. elections could cause policy uncertainty.</li> <li>Trade tensions have been temporarily resolved while OPEC+'s decision on oil production continues to add uncertainty.</li> </ul>



The view expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (3/31/2020) and are subject to change.

Account Reconciliation

QTR

	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 03/31/2020
Total Fund	5,562,841	-	(893,768)	4,669,073

YTD

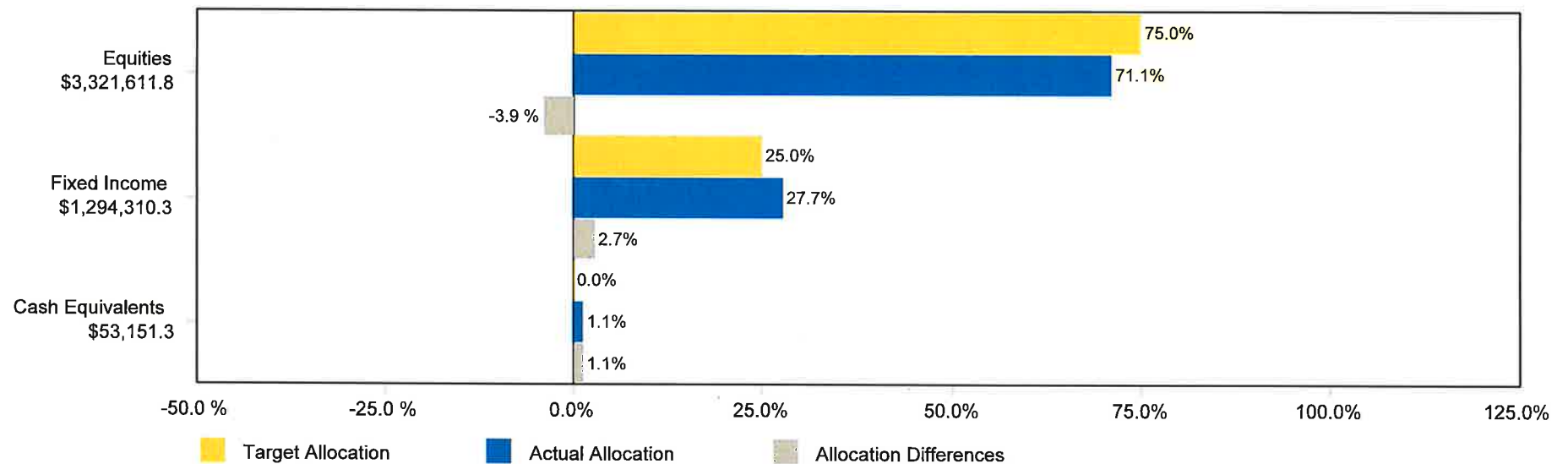
	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 03/31/2020
Total Fund	5,562,841	-	(893,768)	4,669,073

1 Year

	Market Value As of 04/01/2019	Net Flows	Return On Investment	Market Value As of 03/31/2020
Total Fund	4,981,311	-	(312,237)	4,669,073

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund	100.0	100.0	N/A	N/A	0.0
Equities	71.1	75.0	70.0	80.0	-3.9
Fixed Income	27.7	25.0	20.0	30.0	2.7
Cash Equivalents	1.1	0.0	0.0	10.0	1.1



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