

JEA FINANCE & AUDIT COMMITTEE MINUTES
February 11, 2022

The Finance & Audit Committee of JEA met at 9:00 am on Friday, February 11, 2022 on the 8th Floor, 21 W. Church Street, Jacksonville, Florida. The meeting was properly noticed, and the public was invited to attend this meeting in-person at the physical location and virtually via WebEx. Attendees were required to wear masks and CDC guidelines and social distancing were required at the meeting location.

WELCOME

Meeting Called to Order – Committee Chair Marty Lanahan called the meeting to order at 9:00 am. Attending in-person were Committee members John Baker and Bobby Stein, as well as Board Members Rick Morales and General Joseph DiSalvo. A quorum of the Committee was physically present for the meeting.

Others in attendance in-person were Jay Stowe, Managing Director/CEO, Ted Phillips, Chief Financial Officer, and Regina Ross, Chief Legal Officer, Office of General Counsel. Laura Dutton, Chief Strategy Officer; Raynetta Marshall, Chief Operating Officer; Laura Schepis, Chief External Affairs Officer; Hai Vu, Vice President, Water/Wastewater Systems; Kurt Wilson, Vice President, Government Relations; Joe Orfano, Vice President, Financial Services; Ricky Erixton, Vice President, Electric Systems, and Jordan Pope, Vice President, Corporate Strategy, participated in the meeting via WebEx.

Adoption of the Agenda – On *motion* by John Baker and seconded by Bobby Stein, the agenda was approved.

Approval of Minutes – On *motion* by John Baker and seconded by Bobby Stein, the October 15, 2021 Committee meeting minutes were approved.

Safety Briefing – Melissa Charleroy, Board Services Manager, provided the Safety Briefing.

FOR COMMITTEE CONSIDERATION

Ernst & Young 2021 Audit Results – Referencing information provided in the Board materials, John DiSanto, Managing Director, Ernst & Young, presented an overview of the 2021 audit results and the 2021 Audited Financial Statements. Committee members held discussions. Committee Members, Mr. Stowe, and Mr. Phillips expressed appreciation to Russell Caffey, Controller, and team members for a clean audit. This item was received for information.

Rates Cost of Service Update – Juli Crawford, Director, Financial Planning & Analysis, presented JEA is in the process of conducting two cost of service and rate studies for the electric system and District Energy System (DES) chilled water system. Ms. Crawford provided a review of the progress to date, steps taken in each study, and noted JEA is halfway through the electric cost of service study with consultants 1898 & Co. The work includes a review of expenses, revenue requirements, categories, and allocators, which is essential to creating fair and equitable rates. Ms. Crawford reviewed the DES cost of service study with Jacobs Consulting. Ms. Crawford noted JEA received a rate gap analysis report and are currently working towards a financial business plan. Ms. Crawford provided next steps and an approval timeline. This presentation was received for information.

FY23 Budget Assumptions – Juli Crawford, Director, Financial Planning & Analysis, presented when creating the budget, team members ensure all plans align with JEA’s core values and strategic focus areas. Referencing information provided in the Board materials, Ms. Crawford provided details on strategic items, electric, water/wastewater, and DES budget assumptions. Staff will continue to refine budget specific items and a final recommendation will be brought before the Committee at the May 13, 2022 meeting. This presentation was received for information.

Mr. Stein departed the meeting at 10:00 am and returned at 10:02 am.

Audit Services Update – Steve Tuten, Director, Audit Services, provided a review of Enterprise Risk Management efforts and work on Forensic Audit & Investigations. Committee members held discussions.

Mr. Morales departed the meeting at 10:08 am and returned at 10:10 am.

Lee Montanez, Manager, Internal Audit, provided a review of completed, in-process, and upcoming audits and engagements, as well as open and closed audit report issues. JEA’s Internal Audit team will lead the audit for The Energy Authority for the fourth year. Committee members held discussions regarding process improvements and the use of technology. This presentation was received for information.

Ernst & Young Agreement for Professional Services – This agenda item was deferred. Committee Chair Lanahan provided a historical review of the relationship with Ernst & Young.

Committee members held discussions regarding the rating agency presentations, communication related to tree planting, and recognition of the Jacksonville Business Journal article highlighting Raynetta Curry Marshall, Chief Operations Officer.

ADDITIONAL INFORMATION

Ethics Officer’s Report – Provided for information only

JEA Code of Conduct – Provided for information only

Electric System and Water & Sewer System Reserve Fund Report – Provided for information only

JEA Energy Risk Management Policy Report – Provided for information only

CLOSING CONSIDERATIONS

Announcements – Next Meeting May 13, 2022

Committee Discussion

At 10:32 am, Ms. Lanahan asked the Committee to enter Executive Session. All meeting participants were excused excluding JEA Board Members and Regina Ross, Chief Legal Officer, Office of General Counsel.

- Ernst & Young – At 10:33 am, Mr. DiSanto engaged the Committee.
- Director, Audit Services – At 10:40 am, Mr. Tuten and Mr. Montanez engaged the Committee.

Adjournment – With no further business coming before the Committee, Ms. Lanahan declared the meeting adjourned at 10:46 am.

APPROVED BY:



Marty Lanahan, Committee Chair

Date: 5/23/22

Submitted by:

Melissa Charleroy
Melissa Charleroy
Board Services Manager