

FINANCE, GOVERNANCE, & AUDIT COMMITTEE MINUTES
August 20, 2024

The Finance, Governance, and Audit Committee of the JEA Board met at 10:00 am on Tuesday, August 20, 2024 on the 1st Floor, 225 North Pearl 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 live stream on jea.com.

WELCOME

Meeting Called to Order – Attending the meeting virtually, Committee Chair Bobby Stein called the meeting to order at 10:01 am. Attending the meeting in person were committee members MG Orender and Kawanza Humphrey. Board members General Joseph DiSalvo, John Baker, and Rick Morales also attended in person.

Others in attendance were Vickie Cavey, Interim Managing Director/CEO; Sheila Pressley, Chief Customer Experience Officer; Ted Phillips, Chief Financial Officer; Jody Brooks, Chief Administrative Officer; David Emanuel, Chief Human Resources Officer; Raynetta Curry Marshall, Chief Operating Officer; Kurt Wilson, Chief of Staff; Brad Krol, Chief Information Officer; Regina Ross, Chief Legal Officer, Office of General Counsel; Sheree Brown, Executive Assistant to the CEO; and Melissa Dalton, Manager, Board Services. Attending the meeting virtually was Joe Orfano, Deputy Chief Financial Officer.

Adoption of the Agenda – On *motion* by Ms. Humphrey and seconded by Mr. Orender, the agenda was approved.

Adoption of the Minutes – On *motion* by Ms. Humphrey and seconded by Mr. Orender, the minutes from the February 22, 2024 Finance, Governance, and Audit Committee meeting were approved.

Safety Briefing – Ted Phillips, Chief Financial Officer, provided a safety briefing.

Comments from the Public – There were no public comments.

FOR COMMITTEE CONSIDERATION

DELIVERING BUSINESS EXCELLENCE

FY2024 External Audit Plan – John DiSanto, Managing Director, EY, provided an executive summary to include GASB pronouncements; 2024 audit plan; future GASB pronouncements; areas of emphasis; important updates; involvement of JEA's Internal Audit team; and required communications. This presentation was received for information.

Internal Audit Update – Lee Montanez, Director, Internal Audit, provided an update on Q3 audit plan status and completed audits and engagements; open and closed audit report issues; FY25 audit plan process and timeline; and noted the Quality Assurance Review will be completed by September 30, 2024. This presentation was received for information.

Ethics Update – Walette Stanford, Ethics Officer, provided an update on the required business ethics training, ethics inquiries and hotline common themes. Ms. Stanford also highlighted new and updated policies and procedures for FY25. The presentation was received for information.

Quarterly Financial Update – Ted Phillips, Chief Financial Officer, provided an overview on the electric & water systems operating budget; base revenues;

operating expenses; O&M budget; capital budget; and financial metrics. Mr. Baker requested additional information on the surplus revenue. Mr. Phillips requested Committee member feedback related to the financial review content at future Board meetings. Mr. Morales stated he would work with Mr. Phillips to develop a plan. This presentation was received for information.

Electric System Debt Portfolio De-Risking Opportunity – Randall Barnes, Treasurer, provided an overview of the electric system debt portfolio de-risking opportunity including the benefits of simplification of JEA’s balance sheet, removing ongoing dependence on bank support, reducing exposure to swap risks, opportunity to reshape electric system debt service, and potential future savings on callable fixed rate refunding bonds; historical swap cost analysis; and debt service restructuring. This presentation was received for information.

Water/Wastewater Cost of Service Update – Victor Blackshear, Director, Financial Planning Analysis & Rates, provided an update on the water/wastewater cost of service update to include the review of cost of service and rate study process; budgeted revenue requirements; functionalizing and allocating cost; FY24 cost of service results; current rate studies; water and sewer rates; other commercial rates; and FY2025 rate restructuring path. This presentation was received for information.

Continuing Services Contracts – Ted Phillips, Chief Financial Officer, provided an overview of two capital projects that exceed the delegation of authority limit of \$50M, Wesco Distribution, Inc. and Workspend, a Managed Services Provider & Vendor Management Solution for contingent workforce. Mr. Phillips highlighted the details of each project. Discussions ensued regarding the financial benefits and disadvantages to JEA using Workspend.

On *motion* by Mr. Orender and seconded by Ms. Humphrey, the Committee unanimously approved to increase the contract with Wesco Distribution, Inc in the amount of \$27,846,783.42 for a new not-to-exceed amount of \$123,781,207.30; and approved to increase the contract renewal with Workspend, Inc. to utilize the remaining one-year renewal in the amount of \$11,673,985.00 for a new not-to-exceed amount of \$97,206,216.75.

CLOSING CONSIDERATIONS

Old and Other New Business/Open Discussion –

Ms. Cavey thanked the Board members for attending today’s meeting, expressed appreciation for the Executive Sessions resuming; and noted staff are looking at all contracts.

Committee Chair Stein thanked Mr. Phillips and his team for their hard work.

Announcements – None

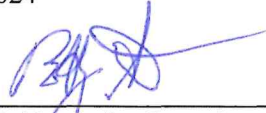
Committee Discussion Session

The Committee moved into Discussion Session at 11:54 am.

John DiSanto, Managing Director, EY addressed the Committee at 11:56 am.

Adjournment – With no further business coming before the Committee, Chair Stein declared the meeting adjourned at 12:10 pm.

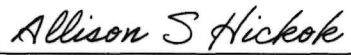
APPROVED BY:



Bobby Stein, Committee Chair

Date: _____

Submitted by:



Allison S Hickok
Executive Staff Assistant