

JEA FINANCE & AUDIT COMMITTEE MINUTES  
May 20, 2019

The Finance & Audit Committee of JEA met on Monday, May 20, 2019, in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Committee Chair Kelly Flanagan called the meeting to order at 8:03 AM. Board Chair April Green and board member Alan Howards were in attendance. Others in attendance were Aaron Zahn, Melissa Dykes, Ryan Wannemacher, Ted Hobson, Shawn Eads, Herschel Vinyard, Lynn Rhode, Lawsikia Hodges, Steve Tuten, Juli Crawford, Walette Stanford, Gregory Taggart, Kristina Quarterman, Laure Whitmer, Jeff Rodda, Council Auditors office and Russ Jeans, Ernst & Young. John DiSantos, Ernst & Young joined telephonically
- B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Howard and second by Board Chair April Green.
- C. Approval of Minutes – The March 18, 2019 Minutes were unanimously approved on **motion** by Mr. Howard and second by Board Chair April Green.

**Agenda Item II – New Business**

- A. FY2020 Budget Presentation – Ryan Wannemacher, Chief Financial Officer, started the presentation by stating that JEA is required to submit the budget to the City Council by July 1. He reviewed the intersection of the budget and strategic planning process. Juli Crawford, Director of Financial Planning Budget & Rates, took over the presentation and reviewed the FY2020 draft budget and process. Staff requested the Committee provide feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2019 operating and capital budget including revenue, O&M expense levels, interest rates and debt structure, financial metrics and regulatory accounting items. The proposed budget plan has capital projects for Energy and Water/Wastewater completely cash funded with no plans of new debt issuance. The proposed budgets also address key strategic initiatives to support the quality of service delivery, climate change, regulatory compliance, workforce readiness, communications, conservation, sewer resiliency, septic tank phase-out, and customer satisfaction initiatives. Staff also recommended that the Finance and Audit Committee provide feedback and direction for final Board approval at the June 25, 2019 meeting. This presentation was received for information, advice and direction.
- B. Quarterly Audit Services Update – Steve Tuten, Director, Audit Services, provided an update to the Committee regarding the highlights and progress of the FY19 Internal Audit Plan, open audit and investigation report issues, the Enterprise Risk Management (ERM) initiative to quantify financial risk impact, and Forensic Audit & Investigations' case statistics and summaries. This presentation was received for information.
- C. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer, provided an update regarding ethics inquiries, FY19/20 gift registry, Business Ethics Training Survey results, and quarterly Ethics newsletter. Ms. Stanford also stated that JEA is working on updating the JEA Gifts and secondary employment policies based on updates to the city ordinance. This presentation was received for information.

- D. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Ryan Wannemacher, Chief Financial Officer reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
- E. JEA Energy Market Risk Management Policy Report – Caren Anders, Vice President/General Manager, Energy, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- F. Announcements
  - 1. The next Finance and Audit Committee meeting will be held on August 19, 2019, at 8:00 AM.
- G. Committee Discussion Sessions
  - 1. Ernst & Young Engagement – At 9:33 AM, Committee Chair Flanagan dismissed staff and the Committee held a general conversation with Ted Hobson, Vice-President & Chief Compliance Officer. Shawn Eads, Chief Information Officer present as well.
  - 2. Ernst & Young – At 9:36 AM, Committee Chair Flanagan and the Committee held a conversation with Russ Jeans, Ernst & Young. John DiSantos, Ernst & Young joined the discussion telephonically.
  - 3. Director, Audit Services – At 9:44 AM, Committee Chair Flanagan and the Committee held a general conversation with Steve Tuten, Director, Audit Services.
  - 4. There was no discussion held with the Council Auditor.

**Closing Considerations**

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 9:47 AM.

APPROVED BY:

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Kelly Flanagan, Committee Chair  
Date: \_\_\_\_\_

Submitted by:

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Madricka Jones  
Executive Assistant