

JEA FINANCE & AUDIT COMMITTEE MINUTES
May 13, 2013

The Finance & Audit Committee of JEA met on Monday, May 13, 2013, in the 8th floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Chair Townsend called the meeting to order at 8:00 AM with Members Peter Bower, Helen Albee and Wyman Winbush in attendance. Others in attendance were Paul McElroy, Mike Brost, Brian Roche, Melissa Dykes, Ted Hobson, Wanyonyi Kendrick, Jenny Alvarado, Janice Nelson, Doris Champ, Walette Stanford, David Jolley, Bill Kearson, Ray Tull, Ross Byers, Barry Greenleaf, Chris Cicero, and Gerri Boyce. John Germany, Office of General Counsel, Mike Pattillo, Ernst and Young, and Steve Patterson, Florida Times-Union, were also in attendance.
- B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Bower and second by Mr. Townsend.
- C. Approval of Minutes – The March 11, 2013 Minutes were unanimously approved on **motion** by Mr. Bower and second by Mr. Townsend.

Agenda Item II – New Business

- A. FY2014 Budget Presentation – The FY2014 Proposed Budget was presented by Melissa Dykes, Chief Financial Officer. The Committee provided feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2014 operating and capital budgets. On **motion** by Mr. Bower and second by Mr. Winbush, the Committee unanimously recommends the Proposed FY2014 Budget presentation, including an executive summary, be included in the May Board meeting package for information and discussion by the full Board. The FY2014 Budget will be presented to the Board for final approval at the June meeting.

Mr. Townsend took the opportunity between items to recognize and introduce new committee members, Ms. Albee and Mr. Winbush, during their first Finance and Audit Committee meeting. He also invited all attendees to introduce themselves to the Committee.

- B. Audit/ERM – Quarterly Update was reviewed by Doris Champ, Director Audit Services and was received for information. Ms. Champ provided information on the Enterprise Risk Management (ERM) Trending Report, ERM Board Report, Audit Project Report, Summary of Audits Quality Indicators Ethics Hotline, Summary Report, and Action Plan Status.
- C. Ethics Officer Quarterly Report was reviewed by Walette Stanford, Director Emerging Workforce Strategies and Ethics Officer and was received for information. Ms. Stanford provided an update on JEA's Business Ethics Computer Based Training program which will be enhanced this year with more scenarios, including secondary employment.
- D. Treasury Services Activities
 - 1. Electric System and Water and Sewer System Reserve Fund Quarterly Report was received for information.
 - 2. JEA Refunding Update Including Pricing Results of JEA Electric System Revenue Bonds, Series Three 2013B and Subordinated Revenue Bonds, 2013 Series C was received for information.

3. Resolution Authorizing the Issuance of Additional Electric System Refunding Debt – On **motion** by Mr. Townsend and second by Mr. Bower, the Committee unanimously recommends that the Board adopt Resolution 2013-7 to authorize JEA to issue additional Electric System refunding debt. It also recommends that the Board authorize the Managing Director/CEO to take any and all actions required to request the City Council to approve the debt authorized pursuant to the authorizing resolution.
 4. JEA Early Debt Retirement Strategy – On **motion** by Mr. Bower and second by Mr. Townsend, the Committee recommends that the Board delegate to the Managing Director/CEO and the Chief Financial Officer, the authority to approve and execute all related actions necessary for the early retirement of debt for the Electric System, St. Johns River Power Park (SJRPP) System, Bulk Power Supply System, Water and Sewer System and District Energy System, subject to the Annual Budget and related Budget Ordinance.
 5. JEA FY2012 Annual Disclosure Report for Water and Sewer System and District Energy System – On **motion** by Mr. Townsend and second by Mr. Winbush, the Committee unanimously recommends that the Board authorize and approve (i) the FY2012 Annual Disclosure Report for Water and Sewer System and District Energy System in substantially the form attached, with such changes as are approved by the Managing Director/CEO of JEA and (ii) the filing and use of the Annual Disclosure Report as described.
 6. JEA FY2013 Debt Parameter Resolutions for Water and Sewer System 2013 Series A and 2013 Series B and Subordinated 2013 Series A Refunding Bonds – On **motion** by Mr. Bower and second by Ms. Albee, the Committee unanimously recommends that the Board approve and adopt Resolution 2013-8 and Resolution 2013-9 to provide the Managing Director/CEO the authorization to price and execute the Water and Sewer System Revenue Bonds, 2013 Series A and 2013 Series B, and Water and Sewer System Subordinated Revenue Bonds, 2013 Series A fixed rate refunding transactions within the stated parameters.
 7. Water and Sewer Bond Resolution Amendments Relating to Surety Policies and Investments – Jenny Alvarado, Treasurer, provided an overview of the process required to modify existing Water and Sewer System Bond Resolution provisions requiring surety policies and specific investment credit ratings. Staff is working with Bond Counsel to draft amendments to bring before the Board at the June 2013 meeting. Ms. Alvarado's presentation was received for information.
 8. Resolution 2013-06: Revising Delegation Criteria to Refund the District Energy System Bonds – On **motion** by Mr. Bower and second by Mr. Townsend, the Committee unanimously recommends that the Board approve and adopt Resolution 2012-06 to provide the Managing Director/CEO with the ability to determine whether to issue all or a portion of the 2013 Series A Bonds as Tax-Exempt Bonds and whether to issue all or a portion as Federally Taxable Bonds.
- E. Florida Public Utilities Base Rate Adjustment was presented by Melissa Dykes and was received for information. A proposed Florida Public Utilities Base Rate adjustment, with an effective date of October 1, 2013, will be brought to the full Board in June 2013 for action.
- F. Chief Information Officer Report reviewed by Wanyonyi Kendrick, Chief Information Officer, and was received for information.
- G. Update on District Energy System Service of Shands Hospital was provided by Wayne Young, Director Government Affairs, and was received for information.

Following a short break at 10:00 a.m., the Committee reconvened.

H. Committee Discussion Sessions

1. Director, Audit Services – At 10:05 the Committee held a general conversation with Doris Champ.
2. Ernst & Young – At 10:10, the Committee held a general conversation with Mike Pattillo.
3. Council Auditor's Office representatives were not present.

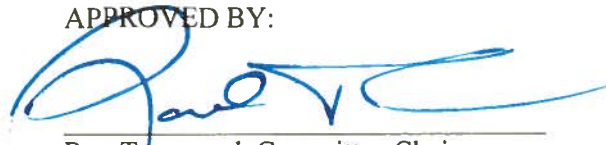
I. Announcements

1. Next meeting, August 12, 2013, 8:00 AM

Agenda Item III – Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 10:24 a.m.

APPROVED BY:



Ron Townsend, Committee Chair

Date: 8/20/13

Submitted by:

Jeanne Ryan
Executive Assistant