

JEA FINANCE & AUDIT COMMITTEE MINUTES
May 18, 2020

The Finance & Audit Committee of JEA met on Monday, May 18, 2020 via WebEx (no physical location was provided for this meeting. Pursuant to State of Florida Executive Order 20-69 (Emergency Management-COVID-19-Local Government Public Meetings), this meeting is permitted to be conducted by communications media technology.

Agenda Item I – Opening Considerations

- A. Call to Order – Committee Chair Marty Lanahan called the meeting to order at 8:00 am. Board Chair John Baker, Bobby Stein, and Joseph DiSalvo were in attendance. Others in attendance were Paul McElroy, Steve Tuten, Walette Stanford, Joe Orfano, Caren Anders, Juli Crawford, Russell Caffey. John DiSanto and Stephanie Reynolds of Ernst & Young, were also in attendance.
- B. Adoption of Agenda – The agenda was adopted unanimously on motion by John Baker and seconded by Bobby Stein.
- C. Approval of Minutes – On motion by John Baker and seconded by Bobby Stein minutes for the December 9, 2019 Finance and Audit Committee Meeting were unanimously approved.

Agenda Item II – New Business

Marty Lanahan, stated that she spoke to Paul McElroy, Interim Managing Director/CEO and Joe Orfano, Interim Chief Financial Officer and decided that it was too early to discuss any COVID-19 impacts. Ms. Lanahan also stated that there has never been a breakdown for the Pay for Performance and asked that Staff conduct a Pay for Performance workshop.

- A. FY2021 Budget Presentation – Juli Crawford, Director Financial Planning and Analysis, presented the full budget for discussion and feedback. Ms. Crawford provided an eight part presentation that discussed the following: budget process summary, budget summary and consolidated schedules, energy system budget assumptions, water/wastewater budget assumptions, district energy budget assumptions, rate stabilization funds, budget timeline and action items, and supplemental schedules.

Staff recommended that the Finance and Audit Committee provide feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2021 operating and capital budgets including revenue. Staff also recommended that the Finance and Audit Committee provide feedback and direction for final approval by the full Board at the June 23, 2020 meeting.

- B. Quarterly Audit Services Update – Steve Tuten, Director, Audit Services, introduced himself and his department. Mr. Tuten presented the Quarterly Audit Services Update which provides information on (1) Forensic & Audit Investigations, (2) Enterprise Risk Management, and (3) Internal Audit. Mr. Tuten began the presentation by highlighting Forensic and Audit Investigation, investigative case statistics, and summaries of closed cases. In the second part of the presentation, Enterprise Risk Management, Mr. Tuten highlighted the corporate risk heat map scoring, current top risks, and current top risks criteria. Mr. Tuten concluded his presentation with the Internal Audit highlights. In this portion of the presentation, Mr. Tuten addressed the FY20

Audit calendar, summary of completed audits and projects, proposed FY20 Audit Plan postponements, open report issues, and open audit report issues with major rating.

This presentation was provided for information only.

- C. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer, introduced herself and outlined her duties as JEA’s Ethic Officer. Ms. Stanford presented the Ethics cases by year, Ethics Officers inquiry categories, FY2020 reporting categories, training and education, and oversight and responsibility.

This presentation was provided for information only.

- D. Electric System and Water and Sewer Reserve Fund Quarterly Report – Joe Orfano, Interim Chief Financial Officer, stated this report is provided for full disclosure about all of JEA’s reserve funds. Mr. Orfano also stated each fund supports bond resolution requirements, credit ratings, or operational needs. Mr. Orfano also provided highlights from the Electric System and Water and Sewer Reserve Fund Quarterly Report.

This presentation was provided for information only.

- E. Municipal Capital Market Update – Joe Orfano, Interim Chief Financial Officer, stated the Coronavirus pandemic caused a significant market disruption in the municipal variable rate debt market. Mr. Orfano also stated JEA elected to pass on the U.S. Bank proposal as the Federal Stimulus facilities stabilized the VRDO market. Mr. Orfano then provided details on JEA’s variable rate debt portfolio, JEA’s senior versus subordinated debt, proposed bond refunding opportunities, and refunding delegation resolution key components.

This presentation was provided for information only.

- F. JEA Energy Market Risk Management Policy Report – this presentation was deferred, to be presented at a workshop that will provide a deeper dive into the subject matter.

G. Announcements

1. The next Finance and Audit Committee meeting is scheduled for August 17, 2020, at 8:00 AM. Committee Chair Lanahan stated that the committee will meet in August but the current date and time is subject to change. Chair Lanahan also reviewed all of the follow up items discussed during the meeting.

H. Committee Discussion Sessions

1. Ernst & Young – At 10:03 AM, John DiSanto, Ernst & Young, introduced himself and his colleague Stephanie Reynolds, and stated historically he meets with the Committee Chair prior to the meeting, and he noted August is normally the meeting when Ernst & Young presents their Annual Audit. Mr. DiSanto also stated he is looking forward to working with Committee and Staff
2. Director, Audit Services – At 10:08 AM, Steve Tuten, Director, Audit Services, stated they are beginning their FY21 Audit Plan and they are open to any feedback from the Committee.
3. Council Auditor’s Office – There was no discussion with the Council Auditor.

Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 10:11 AM.

APPROVED BY:

Marty Lanahan, Committee Chair
Date: _____

Submitted by:

Madricka Jones
Executive Staff Assistant