JEA FINANCE, GOVERNANCE, AND AUDIT MEETING MINUTES
October 26, 2026

The Finance, Governance, and Audit Committee of the JEA Board met in regular session at 9:01 am on Monday, October 26, 2026, at JEA Headquarters, 1st Floor, Rooms 120 A & B, 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 livestream.

WELCOME

Meeting Called to Order – Committee Chair Worth McArthur called the meeting to order at 9:01 am. Committee members in attendance were Rick Morales, attending in person, and Kawanza Suarez, who attended virtually. Board members in attendance were General Joseph DiSalvo and John Baker.

Others in attendance were Jody Brooks, Interim Managing Director/CEO; Ted Phillips, Chief Financial Officer; Jordan Pope, Interim Chief Administrative Officer; Dr. Charles Moreland, Chief Customer Experience Officer; Diane Moser, Chief Human Resources Officer; Rob Zammataro, Chief Water Systems Officer; Joe Orfano, Deputy Chief Financial Officer; Juli Crawford, Senior Vice President, Finance; Hai Vu, Senior Vice President, Water Systems; Kristy Gavin, Chief Legal Officer, Office of General Counsel; Ken Amaro, Council Liaison; Melissa Dalton, Director, Board & Administrative Services; Tori Taylor and Sheree Brown, Board Services Specialists

Adoption of the Agenda – On ***motion*** by Mr. Morales and seconded by Chair McArthur, the agenda was approved.

Approval of Minutes – On ***motion*** by Mr. Morales and seconded by Mr. McArthur, the January 21, 2026, Finance, Governance, and Audit Committee meeting minutes were approved.

Safety Briefing – Brandon Edwards, Director, Security & Emergency Preparedness, presented the safety briefing.

COMMENTS / PRESENTATIONS

Comments from the Public – Kristy Gavin, Attorney, Office of General Counsel, provided instructions for the public comment period.

John Nooney addressed the Committee regarding Florida Amendment 3, property-tax relief, the River Accord, public access to waterways, and water quality in Duval County.

FOR COMMITTEE CONSIDERATION

Real Estate Procurement Directive Review – Jordan Pope, Interim Chief Administrative Officer, presented proposed revisions to the Real Estate Procurement Directive. In accordance with Article 21.04(b)(4) of the JEA Charter, the Board is required to approve real estate rules and procedures and amendments governing the reporting, acquisition, sale, purchase, lease, transfer, and disposition of real property, at least every two years. The Board last reviewed the Real Estate Services Procurement Directive in October 2024. JEA staff and the Office of General Counsel have reviewed the Directive and have provided a red-lined version with suggested edits.

On ***motion*** by Mr. Morales and seconded by Chair McArthur, the Committee unanimously voted to

recommend the Board approve Resolution 2026-45, approving the proposed revisions to the Real Estate Services Procurement Directive.

Board Governing Documents – Board By-Laws and Board Policy Manual – Jordan Pope, Interim Chief Administrative Officer, presented the annual review of the JEA Board By-Laws and Board Policy Manual. In accordance with Article 21 of the JEA Charter and Section 21.03(c), the Board is required to review and update its governing documents annually. The documents were last approved in October 2024. Following the 2025 review, no revisions were proposed, and the documents were presented to the Board for information in November 2025. Staff submitted the governing documents to the Board on September 11, 2026, and requested proposed revisions by October 19, 2026. Appendix C of the Committee materials includes clean and red-lined versions. Proposed revisions address governance and procedural updates; clarification of Board, Committee, and management roles and responsibilities; legal, ethics, and compliance provisions; and administrative changes to improve clarity, consistency, and alignment with current practices.

On ***motion*** by Mr. Morales, and seconded by Chair McArthur, General DiSalvo recommended adding a definition of the Senior Leadership Team to the Board Policy Manual Section 3.0.4.1.

Mr. Morales acknowledged the significant feedback from Board members and expressed appreciation for their input to help strengthen the document.

Mr. Pope offered to amend the Board Policy Manual and incorporate the revision into the October 27, 2026, Board meeting materials.

Chair McArthur requested procedural guidance from Ms. Gavin regarding the amendment process.

Mr. Morales amended his motion to add a definition of the Senior Leadership Team to the Board Policy Manual.

The ***motion***, seconded by Chair McArthur, was unanimously approved, recommending Board approval of the Board By-Laws and Board Policy, as amended.

Annual Board Self-Evaluation – Jordan Pope, Interim Chief Administrative Officer, presented the Annual Board Self-Evaluation, which is based on the criteria in Appendix 2 of the JEA Board Policy Manual. A copy is included in Appendix D of the Committee materials. Upon Board approval at the October 27, 2026 meeting, staff will revise the Board Self-Evaluation to reflect a revision requested by General DiSalvo related to the evaluation criteria 21 related to Board members possessing skills, experience, perspectives, and stakeholder awareness necessary to fulfill the Board's responsibilities. Following the October 27, 2026, Board meeting, Board members will receive the electronic evaluation and are asked to submit their responses by December 1, 2026. Staff will compile the results and provide a summary at the January 21, 2027, Finance, Governance, and Audit Committee meeting. After the Committee's review, Chair McArthur will present the results and any recommended follow-up actions in the Committee report at the January 26, 2027, Board meeting. This presentation was received for information.

Audit Partner Update – John DiSanto, Managing Director at Ernst & Young (EY), confirmed that he will remain the audit partner-in-charge for the FY2026 and FY2027 audits, with FY2027 being his final year in that role under auditor independence requirements. Due to other assignments, Jessica

Muirhead is expected to return to the JEA engagement in 2028. Committee members expressed their support for the transition. This presentation was received for information.

Internal Audit / Enterprise Risk Management Update – Lee Montanez, Director of Internal Audit and Enterprise Risk, reported on FY2026 audit plan results, open action plans and remediation status, Enterprise Risk Management updates that included a count of open and closed action plans, and development status of Enterprise Risk Management profiles.

FY2027 Internal Audit Charter – Lee Montanez, Director, Internal Audit and Enterprise Risk, presented proposed updates to the FY2027 Internal Audit Charter, including revisions to terminology, references to professional standards, reporting cadence, and clarifications of safeguards that support Internal Audit's independence and objectivity.

Mr. Montanez responded to Council Liaison Ken Amaro's question regarding the distinction between "well-managed" and "satisfactory" audit ratings. This presentation was received for information.

FY2027 Internal Audit Plan – Lee Montanez, Director, Internal Audit and Enterprise Risk, presented the proposed risk-based FY2027 Internal Audit Plan, which includes 15 engagements: 14 assurance engagements and one advisory engagement. Planned work spans Electric Operations, Water/Wastewater Operations, Technology Services, Finance, Customer Experience, and administrative functions.

General DiSalvo inquired about audit capacity and engagement allocation. Mr. Montanez discussed how audit resources are determined by risk and available capacity, clarified the distinction between "well-managed" and "satisfactory" ratings, and explained that action plans are regularly monitored and follow-up audits are conducted to assess effectiveness.

On ***motion*** by Mr. Morales, seconded by Chair McArthur, the Committee unanimously voted to recommend the Board approve Resolution 2026-55, approving the FY2027 Internal Audit Plan.

Ethics Update – Walette Stanford, Director, Ethics, presented the Ethics Update, highlighting employee engagement, Ethics and Open Government training, Compliance & Ethics Week, and ongoing efforts to promote awareness of conflicts of interest, gifts, and secondary employment. Ms. Stanford also reviewed FY2026 year-to-date ethics inquiries, hotline reports, and program metrics. No emerging systemic ethics issues were identified.

Committee members thanked Ms. Stanford for her leadership. This presentation was received for information.

Quarterly Financial Review – Ted Phillips, Chief Financial Officer, presented the FY2026 year-end financial review, covering electric and water system revenues, operating expenditures, fuel and energy costs, capital budgets, cash investments, and financial metrics. Mr. Phillips reviewed electric system sales and revenue performance, the impact of higher fuel costs, and operating expenses relative to budget. He also discussed water system revenue performance, operating costs, and factors affecting capital contributions. The presentation was received for information.

General DiSalvo inquired about how the cash surplus and inventory-related transactions were treated. Mr. Phillips explained that surplus funds were carried forward to the following year and that electric inventory was transferred to the Water System, with the associated liability to be paid over seven years. He noted that FY2026 was the first year of the plan and that multiple financial models had been evaluated to meet financial metric standards. Mr. Phillips confirmed that the bond team and auditors were aware of the arrangement.

Board members held discussions regarding treatment of surplus funds and inventory-related transactions, their impact on reported cash balances and financial metrics, Board oversight, and clarification of Delegation of Authority approval requirements. The presentation was received for information

Residential Bill Metrics – Ted Phillips, Chief Financial Officer, presented Residential Bill Metrics, reviewing FY2026 residential electric, water, and sewer bills, usage patterns, and comparisons across Florida cities. The analysis found that 79.2% of residential bills were under $300. Consumption was the primary driver of bill amounts, with weather significantly influencing usage. Mr. Phillips also reviewed bill differences by home size, age, and location. Additionally, Mr. Phillips reviewed electric and water consumption tiers, variations in usage by home size, age, and ZIP code, and the effects of seasonal consumption, fuel costs, and billing periods. Mr. Phillips noted that heating and cooling are major drivers of electric usage, while irrigation substantially contributes to water consumption. The presentation also reviewed available customer assistance options, including payment extensions, payment arrangements, levelized billing, efficiency rebates, and community resources.

Committee members emphasized the need to understand the factors behind higher bills and to proactively communicate with customers. Dr. Charles Moreland provided information to the Committee regarding customer inquiries, and noted JEA will continue to provide customer support at Board meetings through Customer Experience, Energy and Water Efficiency, Conservation, and other service teams. Dr. Moreland also discussed ongoing community outreach, including visits to community centers, engagement with the Northside Coalition and other organizations, and plans to present additional information to City Council and the community.

Committee members extended appreciation for the presentation and recommended presenting a condensed version of the presentation highlighting key findings and customer resources for the upcoming Board meeting. This presentation was received for information.

OTHER BUSINESS & CLOSING CONSIDERATIONS

Old & Other New Business / Open Discussion – Committee members discussed transparency, public access to meetings, and ongoing communication with customers regarding utility bills and affordability.

Announcements – The next Finance, Governance, & Audit Committee meeting is scheduled for January 21, 2027.

Adjournment – With no further business coming before the Committee, Chair Mr. McArthur declared the meeting adjourned at 11:21 am.

APPROVED BY:

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Worth McArthur, Committee Chair

Date: _____

Submitted by:

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Victoria Taylor
Board Services Specialist