



Minutes for Audit Committee Meeting

12/05/2022 | 08:00 AM - 08:17 AM - Eastern Time (US and Canada)

JAXPORT Executive Conference Room, 2831 Talleyrand Avenue, Jacksonville, FL

Audit Committee Members Attending:

Mr. Daniel Bean, Chairman
Mr. Ed Fleming, Member
Ms. Wendy Hamilton, Member
Mr. Brad Talbert, Member - AB

Other Board Members Attending:

Mr. Palmer Clarkson, Board Chairman

Other Attendees:

Mr. Eric Green, CEO
Ms. Beth McCague, CFO/Chief of Staff
Ms. Linda Williams, Chief, Adm. & Corporate Performance
Mr. Nick Primrose, Chief Regulatory Compliance
Ms. Chelsea Kavanagh, Sr. Director, Communications
Mr. Mike McClung, Director, Finance
Ms. Rebecca Dicks, Board Liaison

A meeting of the Jacksonville Port Authority Audit Committee was held on Monday, December 5, 2022 in the JAXPORT Executive Conference Room, 2831 Talleyrand Avenue, Jacksonville, Florida. Chairman Daniel Bean called the meeting to order at 8:00 a.m. and welcomed all attendees.

Approval of September 26, 2022 Audit Committee Meeting Minutes

Chairman Bean called for approval of the September 26, 2022 Audit Committee meeting minutes.

After a motion to approve the minutes by Mr. Fleming and a second by Ms. Hamilton, the Committee unanimously approved the minutes as submitted.

Internal Auditing Services

The Chairman called on Linda Williams to give a report on Internal Auditing Services. Ms. Williams reported that RSM has provided Internal Auditing Services for JAXPORT since 2018. The contract has no additional renewals and matures on March 31, 2023.

She stated that RSM has done very good work for JAXPORT, but over the past year their prices for performing Audits has increased substantially from averages of \$25,000-\$35,000 to \$45,000 - \$50,000. The most recent task assigned was an Audit of a vendor relationship which was quoted at \$50,000. When asked to reconsider, RSM agreed to reduce the price by only \$2,000.

RSM cites increased costs are required to maintain quality workers as the reason for the increase. In discussions with other CPA firms, we believe initiating a solicitation for Internal Auditing Services will result in costs more in line with the previous amounts we have paid.

CEO Eric Green explained we anticipate soliciting on a Request for Qualifications basis so that the port can select the firm most qualified to perform the level of work required and then negotiate the price. He welcomed any Audit Committee member who had an interest to serve on the Evaluation Team. Mr. Fleming agreed to serve on this committee.

Process for Approving CEO Travel

Chairman Bean called on Beth McCague to discuss the Process for Approving CEO Travel. Ms. McCague stated that the City of Jacksonville's Code requires the Board Chairman of an independent agency to pre-approve CEO travel. Currently, JAXPORT policy further requires the Board Chairman to pre-approve CEO Travel as well as approve expenses once all travel receipts have been filed. This has proven to be cumbersome. Research shows the majority of CEO travel is for business conducted within the state of Florida. City Code also allows the City Director of Finance and Administration to make rules for the implementation of the City Travel policy.

JAXPORT requested the Director of Finance and Administration to consider these changes:

Chairman (the approving authority) be allowed to annually approve all CEO single trips for business purposes estimated to be \$2,500 or less. Expenses and reimbursements for such trips would be approved by the Chief Administrative Officer or the Chief Financial Officer so long as total expenses for a single trip do not exceed \$2,500. This approval will be memorialized in writing and noted on the board agenda in the month of the approval.

CEO trips estimated to cost over \$2,500 will be pre-approved by the Board Chair. Expenses and reimbursement for such trips will be approved by the Chief Administrative Officer or the Chief Financial Officer so long as the total expense does not exceed the approved estimated amount of the trip.

Any expense reimbursements in excess of the pre-approved amount will be approved by the Board Chair.

The City Director of Finance and Administration approved these changes as did the Office of General Counsel with input from City Auditors.

Ms. McCague recommended the policy changes. After discussion by the Audit Committee, Mr. Fleming made a motion to change the policy as presented and Ms. Hamilton seconded the motion. After a vote, the new policy was unanimously approved by the Audit Committee.

Line of Credit

Ms. McCague then presented for information terms relating to a renewal of the \$50 million line of credit with Regions Bank. This line has been in place since board approval in 2009 and may be renewed up to 2029. The current interest rate will be 69% of SOFR + 153 bp. There is a 25 bp Unused Fee. The line will be renewed until February 1, 2028.

Updated List of Outstanding Audit Items

Chairman Bean then called on Linda Williams to give an Update on the List of Outstanding Audit Items. Ms. Williams reported there were no changes since last meeting and asked for any questions. There were no questions.

Other Info, Comments, Questions, Concerns

Chairman Bean asked if there was any other business to come before the Committee. Ms. McCague stated that Jeff Zeichner, RSM Partner in Charge of JAXPORT's external audit, announced he will be leaving the firm on December 31. The new Partner in Charge will be Dan Bonnette. Dan is a partner working out of the RSM Boston office. He has experience in transportation audits and has conferred with Jeff Zeichner on the JAXPORT audit in the past.

There being no further business, the meeting adjourned at 8:17AM.