

BOARD OF DIRECTORS MEETING
Audit Committee
Jacksonville Port Authority
June 18, 2019

A meeting of the Jacksonville Port Authority Audit Committee was held on Tuesday, June 18, 2019 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Mr. John Baker called the meeting to order at 8:30 a.m. and welcomed all attendees.

Audit Committee/Board Members Attending:

Mr. John Baker, Chairman of Audit Committee
Mr. Jamie Shelton, Member
Dr. John A. Newman, Member

Other Board Members Attending:

Mr. John Falconetti, Chairman
Ms. Wendy Hamilton, Secretary
Mr. Ed Fleming, Member

Other Attendees:

Mr. Eric Green, CEO
Ms. Beth McCague, CFO
Ms. Linda Williams, Chief, Adm. & Corporate Performance
Mr. Mike McClung, Director of Finance
Mr. Gil Feltel, Chief Legal Counsel
Ms. Rebecca Dicks, Board Liaison

Chairman Baker called the meeting to order and called on James Bennett to update the Committee on maintenance dredge expenses at other ports. Mr. Bennett reported that he had contacted other ports, but comparisons are quite difficult. This is because each port is unique as to its waterway, the current and flow of the waterway, the distance of the berths from the main channel, and other factors. In addition, the type of equipment used and the frequency of dredging needed create specific requirements. JAXPORT held a Dredging Industry Day for dredgers in April to test the market's appetite for our business. Eight companies attended with several expressing strong interest. As a result, we have issued an Invitation to Negotiate with proposals due in late June. We expect several proposals. These bids should give us the best indication of current pricing models based on JAXPORT's unique needs.

Mr. Baker then turned the meeting over to Ms. Beth McCague who presented an overview of the proposed operating and capital budget for FY2020 to the committee. She asked the Audit Committee for approval of the FY2020 budget pursuant to the

Charter of the Consolidated Government of the City of Jacksonville, which states that the port is required to send its proposed budget over to the City Council by July 1, 2019.

Mr. Shelton expressed concern about the presentation of certain payments received from tenants. He suggested that pre-payments should not be considered as Container Revenue as currently shown in the budget. His recommendation is that these payments should be recognized in line with GAAP policy so that actual Container Revenues are not distorted.

After an in-depth discussion by the Audit Committee of Budgetary basis vs Accrual accounting practices, Mr. Baker asked for a motion to approve the proposed 2020 Operating and Capital Budgets. Mr. Shelton made a motion and it was seconded by Dr. Newman to approve the proposed FY 2020 Operating and Capital Budgets subject to the treatment of the prepayments being discussed and reviewed by the CFO and Director of Finance with the City auditors and JAXPORT's external auditors to ensure these revenues are reflected accurately and with total transparency.

Mr. Baker called for approval of the February 4, 2019 Audit Committee meeting minutes. After a motion to approve the minutes by Mr. Shelton and a second by Dr. Newman, the Committee unanimously approved the minutes as submitted.

Mr. Baker asked if there were any more questions or discussion. There being none, the meeting adjourned at 9:10 a.m.