

**BOARD OF DIRECTORS MEETING**  
**Audit Committee**  
**Jacksonville Port Authority**  
**February 3, 2020**

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A meeting of the Jacksonville Port Authority Audit Committee was held on Monday, February 3, 2020 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Chairman Jamie Shelton called the meeting to order at 8:30 a.m. and welcomed all attendees.

**Audit Committee/Board Members Attending:**

Mr. Jamie Shelton, Chairman, Audit Committee  
Ms. Wendy Hamilton, Member  
Mr. Palmer Clarkson, Member

**Other Board Members Attending:**

Mr. John Baker, Chairman, Board of Directors  
Mr. Ed Fleming, Board Member  
Mr. Daniel Bean, Board Member

**Other Attendees:**

Mr. Eric Green, CEO  
Ms. Beth McCague, CFO  
Ms. Linda Williams, Chief, Adm. & Corporate Performance  
Mr. Gil Feltel, Chief Legal Counsel  
Mr. Jeff Zeichner, RSM  
Mr. Mike Vergo, RSM  
Ms. Rebecca Dicks, Board Liaison

Chairman Shelton called for approval of the December 2, 2019 Audit Committee meeting minutes. After a motion to approve the minutes by Mr. Clarkson and a second by Ms. Hamilton, the Committee unanimously approved the minutes as submitted.

Mr. Shelton then turned the meeting over to Jeff Zeichner of RSM to discuss the FY2019 Audited Financial Statements.

Mr. Jeff Zeichner presented the Annual Financial Report for the year ended September 30, 2019 which shows that RSM has issued an unmodified opinion on the port's financial statements. This is the highest level of assurance a CPA can give. This opinion states that the port's financial statements accurately reflect its financial position and the changes in its operations for the FY ending September 30, 2019.

Mr. Zeichner stated that under governmental law, RSM has additional responsibilities to report on the port's internal controls and if there are any materials to financial statements that are noncompliant. He stated that RSM is pleased to state that there are no items to report. RSM has also examined the port's compliance to significant contract provisions, regulations, statutes and laws that would have a direct impact on the port's financial statements, and again, RSM has identified no non-compliance.

Mr. Zeichner stated that since the port accepts state grants, the port is subject to additional law requirements such as the state single audit act. RSM's responsibility for this is to audit the port's compliance with the provisions of those grants, and audit the port's internal controls over compliance. It is not enough to be complying, but you have to have internal controls to make sure you stay in compliance. In auditing the port's major program, the Seaport Grants, RSM has identified no internal control deficiencies and no non-compliance. Mr. Zeichner stated that the port has an unmodified audited opinion on its financial statements, no internal weaknesses identified, no significant deficiencies identified, and no non-compliance material to the financial statements. He stated that this is really the best audit report the port could have received.

Mr. Zeichner assured the Audit Committee that RSM has a good working relationship with the management at JAXPORT, but that ultimately RSM is responsible to the Board. He stated that if there comes a time when he has to report unpopular news, he will do it.

After a motion by Mr. Clarkson and a second by Ms. Hamilton, the Audit Committee unanimously accepted RSM's Audited Financial Report for the fiscal year ended on September 30, 2019.

Ms. Linda Williams presented a draft of the Internal Audit Plan prepared by the Internal Auditor's RSM and reviewed by the staff and the Audit Committee Chairman. After review and discussion by the Audit Committee, the plan was approved.

The next item on the agenda dealt with the Audit Committee Charter Revision. Chairman Shelton stated there are two significant changes to be made to the Audit Committee Charter. One change is that the Audit Committee will be responsible for performance review and annual evaluation of the JAXPORT CEO. The second item is to show that the Audit Committee has engaged a third-party consultant (RSM) to conduct the port's internal audits.

Mr. Baker suggested that both the Chairman of the Board and the Audit Committee Chairman should set goals and conduct the annual performance review for the JAXPORT CEO because the Board Chairman is highly engaged with the CEO throughout the year. The Audit Committee members agreed, and Legal Counsel Gil Feltel stated he would amend the Audit Committee Charter to include that the Audit Committee Chairman, in conjunction with the Board Chairman, will set goals and conduct the annual performance review for the JAXPORT CEO. After a motion by Ms. Hamilton and a second by Mr. Clarkson, the Audit Committee agreed to the revisions of the Audit Committee Charter.

The next item of discussion was Board Resolution 2020 – Transparency and Conflict Avoidance. At the last meeting, Chairman Shelton asked Board Member Fleming to

work with staff to come up with a resolution that he could bring back to the Audit Committee for discussion. He then turned the meeting over to Mr. Fleming.

Mr. Fleming stated that he became concerned with the conduct of other board and commissions after seeing the controversy surrounding JEA, and he felt like JAXPORT Board members should draft a resolution to avoid these problems. Mr. Fleming stated that the Board members should be here because they have a passion for what they are doing and because they want to volunteer their time. This should not be a venue for personal gain. He stated that Legal Counsel Gil Feltel did a fantastic job in drafting this resolution.

Mr. Feltel stated that over the course of the individual board briefings, there were some small changes made to the resolution, but basically the Resolution contains language that prohibits board members, for at least a year or up to 3 years, depending on the scenario, that they would not: (1) be employed by JAXPORT; (2) create any type of firm or organization that would be employed by JAXPORT, or have a contractual relationship with JAXPORT; and (3) no Board member would have any downstream affiliation with JAXPORT after a board member's tenure is complete. Pursuant to Chairman Shelton's suggestion, Mr. Feltel stated he would update the language to include both direct and indirect affiliations.

After a motion by Ms. Hamilton and a second by Mr. Clarkson, the Audit Committee unanimously accepted Board Resolution 2020 as to Transparency and Conflict Avoidance.

Chairman Shelton asked if there were any more questions or discussion. There being none, the meeting adjourned at 8:56 a.m.