



**Florida Municipal Power Agency  
Finance Advisory Committee  
June 6, 2008**

Submitted by

**Mark Larson, Chairman**

**Committee Members:**

Harry Royal, Jacksonville Beach  
Joe Hostetler, Kissimmee Utility  
Nina Hurtubise, Fort Pierce

Jack Wetzler, Key West  
Don Corley, Ocala  
Kathleen Libby, Ocala

James Welsh, Kissimmee, Ex-officio

**Meeting Held at 10:00 a.m.  
Friday June 6, 2008  
At FMPA  
8553 Commodity Circle  
Orlando, Florida 32819  
407-355-7767**



Florida Municipal Power Agency

**Mark Larson**  
Assistant General Manager, CFO and Risk Manager

## REVISED PUBLIC NOTICE

**TO:** FMPA Finance Advisory Committee  
**FROM:** Mark Larson, Chairman  
**DATE:** May 29, 2008  
**RE:** FMPA Finance Advisory Committee Meeting  
**June 6, 2008 at 10:00 a.m.**  
**PLACE:** "CALL-IN" Meeting only – 1-800-935-3856; Participant Code 49785  
(call 321-239-1132 if you cannot dial in)

### AGENDA

1. **Call Meeting to Order - Roll Call, Declaration of Quorum**
2. **Consent Agenda**
  - a. Approval of Minutes – Meetings Held May 2, 2008 and January 11, 2008 (Revised)
3. **Information Items:**
  - a. New Debt Issuance & Update on Debt Issuance Process (Janet Davis)
  - b. Draft of Revised Payments to Consultants, Others (Jim Arntz)
  - c. Diagram of Components in 60 Days Cash Calculation (Jim Arntz)
4. **Other Information**
  - a. Finance Manager's Comments
5. **Adjournment**

MJL/tlb

One or more participants in the above referenced public meeting may participate by telephone. At the above location there will be a speaker telephone so that any interested person can attend this public meeting and be fully informed of the discussions taking place either in person or by telephone communication. If anyone chooses to appeal any decision that may be made at this public meeting, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the oral statements and evidence upon which such appeal is based. This public meeting may be continued to a date and time certain, which will be announced at the meeting. Any person requiring a special accommodation to participate in this public meeting because of a disability, should contact FMPA at (407) 355-7767 or 1-(888)-774-7606, at least two (2) business days in advance to make appropriate arrangements.

**AGENDA ITEM 1**

**Call Meeting to Order – Roll Call**

**Finance Advisory Committee Meeting  
June 6, 2008**

**AGENDA ITEM 2 – Consent Item**

- a) Approval of Minutes – Meeting Held  
May 9, 2008**

**Finance Advisory Committee Meeting  
June 6, 2008**

CLERKS DULY NOTIFIED .....April 25, 2008  
AGENDA PACKAGE DISTRIBUTED TO MEMBERS .....May 6, 2008

**MINUTES**  
**FINANCE ADVISORY COMMITTEE (FAC) MEETING**  
**FRIDAY, MAY 9, 2008**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL 32819**

**COMMITTEE**

<b>MEMBERS</b>	Jacksonville Beach	-	Harry Royal
<b>PRESENT:</b>	Ocala	-	Don Corley
	Ocala	-	Kathleen Libby
	Ft. Pierce	-	Nina Hurtubise

**ACTING**

**CHAIRMAN:** Jim Arntz, Controller

**OTHERS**

**PRESENT:** David Siegel, Kissimmee  
Larry Mattern, Kissimmee  
Craig Dunlap, Dunlap & Associates

**STAFF**

**PRESENT:** Janet Davis, Treasury Manager  
Rich Popp, Financial Planning, Budget & Risk Management Manager  
Steven Ruppel, Contract Compliance Audit Manager  
Cameron Cassidy, Contract Compliance Auditor II  
Larry Landry, Contract Compliance Auditor II  
Manny Santos, Audio Visual/Computer Support Specialist  
Terri Bucy, Budget & Accounting Specialist

**ITEM #1 – CALL TO ORDER, ROLL CALL, AND DECLARATION OF QUORUM:**

Acting Chairman Jim Arntz called the meeting to order at 10:04 a.m. on May 9, 2008 at FMPA's offices in Orlando, Florida. The roll was taken and there was no quorum.

**ITEM #2 – CONSENT AGENDA:**

**Items 2a & 2b – Approval of Minutes – Meetings Held 1/11/08 & 3/7/08**

The January Meeting Minutes were not approved due to a question concerning a statement about generators and non-generators. FMPA staff will listen to the audio recording of that meeting and make any necessary changes. Revised January Meeting Minutes will be available for the June meeting. The March Meeting Minutes were approved.

**ITEM #3 – INFORMATION ITEMS:**

**Item 3a – Workshop – 60 Days Cash Requirement**

Jim Arntz gave an overview of the spreadsheet used to generate the 60 Days Cash Requirement Calculation. Harry Royal asked Jim to tie the worksheets together to facilitate understanding how the various items played into the calculation of the number. Jim said that he would have it ready for the June meeting.

**Item 3b – Payments to Consultants**

Payments to attorneys and other consultants were presented for calendar year 2007. It was agreed that this information was beneficial, but should include a description of the services provided and be renamed to: “Service Contractors” or “Professional Services” or “Outside Services” or “Payments for Professional and Contract Services”. Nina Hurtubise recommended that the report provide two years of information. Harry Royal suggested that the report should focus on consultants paid in excess of \$20,000 annually. A draft incorporating the changes is forthcoming.

**Item 3c – Update of Debt Restructuring**

Janet Davis prepared and explained “long” and “short” versions of current and future proposed debt models. Janet and Craig discussed obtaining LOC’s and other debt from various financial institutions (SunTrust, Wachovia, Regions, Dexia, etc) and the range of basis points based on the terms. Craig indicated that credit is very tight and that we have to lower Wachovia’s exposure to FMPA debt to their “house limits” of \$350M. Janet explained how the models get FMPA to the 50% or greater target for fixed debt. Janet and Craig agreed that they were “close” on agreement on their respective plans. Harry Royal motioned that “the staff strongly consider issuing more fixed debt (with Craig’s input) to get closer to the 60% number, to make the variable piece fixed and get as close to the 60% (target) as possible”. Don Corley seconded Harry’s motion and it carried. Kathleen Libby said that “FAC should make a recommendation to Roger Fontes to review the hedging policy.” Harry motioned Kathleen’s recommendation and Don Corley seconded it.

**Item 3d – St. Lucie II Power-Up & Participation**

The Memorandum from Doug Keegan/Steve Ruppel states that “FMPA staff received written notice from FPL on 3/18/08 that it plans to make a Capital Improvement Project at the St. Lucie 2 Nuclear Plant to effectuate a power-up rate for the nuclear unit”. The report states that FMPA has until 6/16/08 to exercise its option to reduce its ownership in St. Lucie 2 in lieu of contributions to the costs of the Project. The report recommends that FMPA does not opt out and moves for approval to inform FPL of same.

**Item 3e – Stanton Energy Center / Indian River CT’s Audit Report**

The Memorandum from Steve Ruppel states that the Contract Compliance Audit Department has completed the Participation Agreement Audit for the Stanton Energy Centers Unit 1 and 2, the Indian River Combustion Turbines A&B and C&D. The Memo discussed the audit scope, objective and results. Per the Memo, “based on our audit, we conclude that overall, the billings

were in compliance with the terms and principals of the Participation Agreements. However, some exceptions were noted.” No action was required.

**Item 3f – June Meeting Needed?**

It was determined that a June meeting was necessary to complete unfinished business before adjourning for the summer.

**ITEM #4 – FINANCE MANAGERS STATEMENT:**

Jim Arntz summarized the items to be carried over to the June meeting (60 Days Cash, Consultant’s List and Debt Issuance and Process.

**ITEM #5 – ADJOURNMENT:**

There being no further business, the meeting adjourned at 1:22 p.m.

Approved on: \_\_\_\_\_  
(date)

MJL/tlb  
05-20-08

**AGENDA ITEM 2 – Consent Item**

- b) Approval of Revised Minutes – Meeting  
Held January 11, 2008**

**Finance Advisory Committee Meeting  
June 6, 2008**



CLERKS DULY NOTIFIED .....January 8, 2008  
AGENDA PACKAGE DISTRIBUTED TO MEMBERS .....January 9, 2008

**REVISED MINUTES  
FINANCE ADVISORY COMMITTEE (FAC) MEETING  
FRIDAY, JANUARY 11, 2008  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FL 32819**

**COMMITTEE**

<b>MEMBERS</b>	Jacksonville Beach	-	Harry Royal
<b>PRESENT:</b>	Key West	-	Jack Wetzler
	Kissimmee	-	Joe Hostetler
	Ocala	-	Don Corley
	Ocala	-	Kathleen Libby
	Ft. Pierce	-	Nina Hurtubise

**CHAIRMAN:** Mark Larson, Assistant General Manager, CFO and Risk Manager

**OTHERS**

**PRESENT:** Mark White, Purvis, Gray & Company  
Helen Painter, Purvis, Gray & Company  
Mark Bates, Lake Worth  
Craig Dunlap, Dunlap & Associates

**STAFF**

**PRESENT:** Jim Arntz, Accounting Manager & Controller  
Janet Davis, Treasury Manager  
Rich Popp, Financial Planning, Budget & Risk Management Manager  
Steven Ruppel, Contract Compliance Audit Manager  
Terri Bucy, Budget & Accounting Specialist

**ITEM #1 – CALL TO ORDER, ROLL CALL, AND DECLARATION OF QUORUM:**

Chairman Mark Larson called the meeting to order at 10:00 a.m. on January 11, 2008 at FMPA's offices in Orlando, Florida. The roll was taken and a quorum was not declared until 10:18 with four of five members present. Jack Wetzler (Key West), Nina Hurtubise (Fort Pierce) and Don Corley (Ocala) arrived later.

**ITEM #2 – ACTION ITEMS:**

**Item 2a – Audit Bidding**

Steve Ruppel discussed the Agency's requirements to solicit bids for audit services and provided additional information regarding Auditor Selection Guidelines 2007 and references to Florida Statutes (215.97 and 218.39) and Law (Rules of the Auditor General sec.10.550 and 11.45). The web address is: [http://www.myflorida.com/audgen/pages/pdf\\_files/10\\_550.pdf](http://www.myflorida.com/audgen/pages/pdf_files/10_550.pdf). Mr. Ruppel also

included contact information for Marilyn [Rosetti@aud.state.fl.us](mailto:Rosetti@aud.state.fl.us). Ms. Rosetti's mailing address and phone is: Auditor General, Local Gov't. Reviews & Special Audits, 111 W. Madison St., Section 342, Tallahassee, FL 32399-1450; phone (850) 487-9031.

#### **Item 2b – Review Draft Financial Statements**

Prior to the discussion of the actual financial statements, several members suggested that some method of improved identification of the cities locations be incorporated into the map of the state on the second page.

Jim Arntz presented the draft financial statements for the year ended September 30, 2007. Discussion included explanations and analyses of variances and changes between 2006 and 2007. He pointed out the following: all of the assets in the Pooled Loan Fund are classified as restricted assets; very little debt was added; \$6M was borrowed for the Taylor Energy Center; a line was added to the Statement of Cash Flows to show interest expense as a separate line item (previously included in supplies for prior years); a definition for capital assets and depreciable lives; debt repayment; FAS 71 and bond maturation. He also gave an overview of the Notes to the Financial Statements and discussed significant points. Each page of the approximately 100-page report was reviewed. After much discussion, it was determined that a FAS 71 review and update should be presented at the March meeting.

#### **Item 2c – FAC Meeting with External Auditors**

Mark White (partner, Purvis, Gray & Co.), presented the firm's 2007 Management Letter Comments to the committee. He noted that \$10M (mostly development fund money) has been accumulated and that these funds could possibly be utilized in the future. He also noted that the "60 days of cash" calculation ("Revenue Billing") should be reviewed as the number fell to 39 days during several of the summer months. (It was discussed and determined that a workshop for the "60 days cash" would be held during a future meeting. The backup and calculations for the workshop will be emailed to members so that they can prepare for the workshop). Next, Mark discussed PGP, which it is geographically remote, and said that FMPA should take delivery of profits since it cannot take actual physical delivery of the gas. Mark Bates asked if FMPA would include responses to the auditor's comments. Janet Davis added that FMPA should consider noting in the financial statements that FMPA does not have any sub-prime exposure issues.

#### **Item 2d – Financial Market Update**

Janet Davis presented and led a discussion on an update of the financial market and how current and projected market conditions impact the Agency's investments and debt. She presented information on our bonds and various performance indexes and pointed out that today's list of counterparties are all in the "A's" and that we have swap agreements with all of them. Janet then answered questions from the Committee. Craig Dunlap then discussed what he thought the current and projected conditions mean for the Agency. Mark Larson followed and noted that the effects felt by the member cities could "flow up" and affect FMPA.

#### **Item 2e – Review Listing of Payments to Consultants**

This discussion will be moved to a future meeting and a list of payments made to all consultants will be provided at that time.

**Item 2f – Affirmation of FAC Mission Statement**

Mark Larson read the statement: *To promote member trust and participation in strategic finance issues and through a group effort, make recommendations to the General Manager of FMPA for the betterment of FMPA and its Projects.* The committee then discussed the statement and said that it should be studied further. Mark suggested that in a future meeting, someone should bring up “generator and non-generator” members. Joe Hostetler emphasized the need for a strong, technical operating committee to ensure that we know how to run the plants properly. Harry Royal added that he specifically wanted Joe Hostetler’s comments added to the Minutes.

**ITEM #3 – FINANCE MANAGERS STATEMENT:**

Mark Larson reviewed the list of items to be emailed to the members next week and the topics to be covered in the March meeting.

**ITEM #4 – ADJOURNMENT:**

There being no further business, the meeting adjourned at 3:37 p.m.

Approved on: \_\_\_\_\_  
(date)

MJL/tlb  
05-19-08

**AGENDA ITEM 3 – Information Item**

- a) New Debt Issuance & Update on Debt Issuance Process**

**Finance Advisory Committee Meeting  
June 6, 2008**

**AGENDA ITEM 3 – Information Item**

- b) Draft of Revised Payments to Consultants,  
Others**

**Finance Advisory Committee Meeting  
June 6, 2008**

**Florida Municipal Power Agency**  
**Payments to Attorneys**  
***DRAFT ONLY***

	<u>Current Month</u>	<u>Current YTD</u>	<u>2,007</u>	<u>2,006</u>
<b>SPIEGEL &amp; MCDIARMID</b>				
General	4,546.79	9,782.22	30,242.06	28,397.88
PEF Transmission	8,427.49	8,546.09	26,420.52	24,809.38
FPL Transmission	6,525.62	7,149.87	22,104.06	20,756.14
Network Transmission Matters	41,126.12	77,271.26	238,886.64	224,319.19
Florida Power Contracts	0.00	172.40	532.98	500.48
FP&L Contracts	0.00	887.50	2,743.74	2,576.42
FRCC Related	0.00	1,048.40	3,241.16	3,043.51
Global Settlement	0.00	5,058.99	15,640.03	14,686.30
<b>Total Payments to Spiegel &amp; McDiarmid</b>	<u><u>\$ 60,626.02</u></u>	<u><u>\$ 109,916.73</u></u>	<u><u>\$ 339,811.19</u></u>	<u><u>\$ 319,089.29</u></u>

**AGENDA ITEM 3 – Information Item**

- c) Diagram of Components in 60 Days Cash Calculation**

**Finance Advisory Committee Meeting  
June 6, 2008**

**AGENDA ITEM 4 – Other Information**

**a) Finance Manager's Comments**

**Finance Advisory Committee Meeting  
June 6, 2008**



**AGENDA ITEM 5 - Adjournment**

**Finance Advisory Committee Meeting  
June 6, 2008**