



**Report to
Governance Committee
February 16, 2012**

Governance Committee

**Grant Lacerte, Kissimmee, Chairman
Vince Ruano, Bushnell
Lee Garner, Chattahoochee
Tom Richards, Fort Pierce
Roy Trotter, Jacksonville Beach
Lynne Tejada, Key West
Matt Brower, Ocala**

**Meeting Held 11:00 a.m.
(or immediately following the Executive Committee meeting)
Thursday, February 16, 2012
Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819**



Florida Municipal Power Agency

Nicholas P. Guarriello
General Manager and CEO

MEMORANDUM

TO: FMPA Governance Committee
FROM: Sue Utley for Grant Lacerte, Chairman
RE: Governance Committee Meeting
Thursday, February 16, 2012 – 11:00 a.m. (or immediately following the
Executive Committee meeting)
DATE: February 8, 2012
PLACE: FMPA, 8553 Commodity Circle, Orlando, FL 32819, Board Room

DIAL-IN INFORMATION – 866-411-8247, Code 13244#
(If you have trouble connecting via phone please call 321-239-1132)

AGENDA

1. Welcome, Roll Call, Declaration of Quorum
2. Consent Agenda – Approval of Minutes-Meeting of December 8, 2011
3. Discussion of Weighted Voting
4. Other Governance Matters
5. Member Comments
6. Adjournment.

GL/su

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.

CLERKS DULY NOTIFIED.....December 1, 2011
MATERIALS EMAILED TO COMMITTEEDecember 5, 2011

FMPA TELEPHONIC GOVERNANCE COMMITTEE MEETING
THURSDAY, DECEMBER 8, 2011
11:30 AM
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

MEMBERS PRESENT: Grant Lacerte, Chairman, Kissimmee
Vince Ruano, Bushnell
Tom Richards, Fort Pierce
Roy Trotter, Jacksonville Beach
Lynne Tejada, Key West
Matt Brower, Ocala

MEMBERS ABSENT: Lee Garner, Chattahoochee

OTHERS PRESENT: Fred Hilliard, Fort Meade
Gregg Griffin, Green Cove Springs
Howard McKinnon, Havana
George Forbes, Jacksonville Beach
Peter Batty, Key West
Paul Kalv, Leesburg
Bill Conrad, Newberry
Craig Dunlap, Dunlap & Associates, Inc.

STAFF PRESENT: Nicholas Guarriello, General Manager and CEO
Fred Bryant, General Counsel
Jody Finklea, Assistant General Counsel and Manager of
Legal Affairs
Mark Larson, Assistant General Manager, Finance and CFO
Mark McCain, Assistant General Manager, Member Services,
Human Resources and Public Relations
Tom Reedy, Assistant General Manager, Power Resources
Bud Boudreaux, Executive Consultant
Sue Utley, Executive Asst. to the CEO/Asst. Secy. to the Board
Michelle Pisarri, Power Resources Secretary

Item 1 – Welcome, Roll Call and Declaration of Quorum

Chairman Grant Lacerte, Kissimmee, called the Governance Committee meeting to order at 12:10 p.m. on Thursday, December 8, 2011 in the Board Room of the offices of Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 6 members present out of a possible 7.

Item 2 – Consent Agenda – Approval of Minutes-Meeting of January 28, 2009

MOTION: Lynne Tejada, Key West, moved approval of the consent agenda as presented. Vince Ruano, Bushnell, seconded the motion. Motion carried 6-0.

Item 3 – Discussion of Weighted Voting

Jody Finklea, Assistant General Counsel / Manager of Legal Affairs, explained the structure of the Executive Committee supermajority vote and instances for which a supermajority vote can be called.

Discussion ensued and the suggested voting structures deemed appropriate for further discussion at another meeting of the Governance Committee were articulated as follows:

1. Status quo (make no change);
2. Simple majority voting for all matters;
3. Require that current supermajority matters be voted on twice for approval: first by simple majority with each Executive Committee member having one vote, and second by simple majority with each Executive Committee member having a weighted vote based upon the number of customers each ARP participant serves;
4. Weighted voting based on exercise of CROD or 30-year term notice; and
5. Keep the status quo, but change the supermajority requirement from 75% to something different (for example, majority present, plus one vote).

Further discussion ensued.

Item 4 – Other Governance Matters

No other matters were discussed.

Item 5 – Member Comments

It was agreed that the next Governance Committee meeting would be held after the Executive Committee meeting February 16, 2012.

Item 6 – Adjournment.

There being no further business the meeting was adjourned at 1:19 p.m.

Date Approved

GL/su



Florida Municipal Power Agency

Jody Lamar Finklea
Assistant General Counsel | Manager of Legal Affairs

MEMORANDUM

TO: FMPA Governance Committee

FROM: Frederick M. Bryant, General Counsel
Jody Lamar Finklea, Assistant General Counsel | Manager of Legal Affairs

DATE: 8 February 2012

RE: February 16 Governance Committee Meeting

Last July the Governance Committee was reinstated and charged with reviewing the Executive Committee's supermajority voting structure. The Committee met last December and discussed a number of alternatives to the current supermajority voting structure.

The purpose of this memo is to summarize the Governance Committee's discussion of the five alternatives. The alternatives are not presented in any particular order.

Current Supermajority Voting Structure

Article IV, section 5 of the Executive Committee By-Laws provide the detail of the supermajority voting structure as follows:

Section 5. Quorum and Voting. A majority of the Committee Members present (in person or by the use of communications technology consistent with Florida law governing public meetings) shall constitute a quorum for the transaction of business by the Committee. Committee Members may participate in any meeting of the EC by means of conference telephone, video conference or other communications equipment by means of which all persons attending such meeting can hear each other. During any such meeting, one or more Committee Members, may, but need not, be together in one location. Participation in such a meeting of the EC shall constitute presence in person at the meeting. A quorum need not be physically present in a single location. All action of the Committee shall be taken by vote of the quorum present (in person or by the use of communications technology consistent with Florida law governing public meetings). Each Committee Member shall hold and exercise one (1) vote. Action can only be taken if a majority of those Committee Members present vote in favor of such action; provided, however, for any action which expressly requires ARP Participant approval pursuant to the ARP Contract, as set forth in Article IV, section 6, two or more Committee Members may request a second

affirming vote. Then, for action to be taken by the Committee, such second affirming vote must pass by a supermajority of no less than 75% of the votes present as a quorum (in person or by the use of communications technology consistent with Florida law governing public meetings).

If a second affirming vote is requested by two or more Committee Members, the first vote by the Committee shall be deemed to be a vote by the Participants as such and the second affirming vote shall be deemed to be a vote of the Executive Committee to satisfy the requirements of the ARP Contract. If a second affirming vote is not requested by two or more Committee Members, the vote taken shall be deemed to be both a vote by the Participants, as such, and a vote by the Executive Committee to satisfy the requirements of the ARP Contract.

Alternatives for Supermajority Voting

(1) Status Quo

One alternative that was discussed was to stick with the status quo. Currently, the Executive Committee By-Laws provide each member of the Executive Committee with one vote on each matter that comes before the committee for action. For certain matters (generally, (1) any power supply or other contract having a term of longer than seven years, (2) anything requiring the issuance of debt, and (3) any amendment or adoption of rate schedules) two or more members of the Executive Committee can call for a second confirming vote of an initial affirmative action. If called for, this second vote, for action to be taken, must be approved by a supermajority of 75% of the votes present as a quorum. If all 14 members are present that means the second confirming vote must pass by a margin of at least 11-3 to take action.

(2) Simple Majority + One

Another alternative that was discussed was to change the definition of supermajority in the current voting structure from 75% to a simple majority plus one. That would mean that two members of the Executive Committee could still call for a confirming vote where available, but that vote would only need a simple majority of the quorum present, plus one, to approve the action. If all 14 members are present (8 votes is a simple majority) that would mean the confirming vote would have to pass by a margin of at least 9-5 to take action.

(3) Weighted Supermajority Voting Based on Participation

Another alternative that was discussed was to keep the current supermajority voting structure, but give each member of the Executive Committee a weighted vote for the second confirming vote based upon each city's level of participation in the ARP. For example, cities in the ARP in regular standing (not having exercised any right to withdraw or limit its participation in the ARP)

would have **3 votes**; cities that have given notice to stop the automatic extension of the term of their ARP contract *or* have given a CROD notice would have **1.5 votes**; cities that have given notice to stop the automatic extension of the ARP contract *and* have given a CROD notice would have **1 vote**; and cities that have given their § 29 withdrawal notice would have **0.5 votes**. Using these numbers (for example) the 75% supermajority voting requirement would look like this:

Bushnell	-	3 votes	Clewiston	-	3 votes
Fort Pierce	-	3 votes	Ft. Meade	-	1 vote
Green Cove Springs	-	1.5 votes	Havana	-	3 votes
Jacksonville Beach	-	3 votes	Key West	-	3 votes
Kissimmee	-	3 votes	Lake Worth	-	1.5 votes
Leesburg	-	3 votes	Newberry	-	3 votes
Ocala	-	3 votes	Starke	-	1.5 votes
35.5 TOTAL VOTES					
27 VOTES NEEDED TO ACHIEVE A 75% SUPERMAJORITY					

(4) Two Required Votes with Weighted Voting Based on Customer Count

Another alternative that was discussed was to require two separate votes for all decisions that currently could be subject to the supermajority voting requirement (long-term contracts, debt, and rates). Instead of a supermajority requirement, to take action, the Executive Committee would have to approve the action in both votes by a simple majority. The first vote would be taken on a one-city-one-vote basis (8-6 vote needed to take action with all 14 members present). The second vote would be a weighted vote based on the number of retail customers each city has. Based on the 2011-2012 FMEA Directory information, that weighted voting structure could look like this:

Bushnell (1,162)	-	1.2 votes	Clewiston (4,131)	-	4.1 votes
Fort Pierce (27,859)	-	28.9 votes	Ft. Meade (2,770)	-	2.8 votes
Green Cove Springs (3,788)	-	3.8 votes	Havana (1,368)	-	1.4 votes
Jacksonville Beach (34,014)	-	34.0 votes	Key West (29,837)	-	29.8 votes
Kissimmee (62,000)	-	62.0 votes	Lake Worth (24,846)	-	24.8 votes
Leesburg (21,071)	-	21.1 votes	Newberry (1,476)	-	1.5 votes
Ocala (49,361)	-	49.4 votes	Starke (2,725)	-	2.7 votes
267.5 TOTAL VOTES					
134 VOTES NEEDED TO ACHIEVE A SIMPLE MAJORITY					

(5) Simple Majority for Everything

Another alternative that was discussed was to do away with a supermajority voting requirement altogether. That would mean that all decisions the Executive Committee would be made by a simple majority vote of a quorum present at any meeting. However, to comply with the ARP

Contract, the opportunity must be present for a one-city-one-vote vote of the ARP Participants and a second vote of the Executive Committee (and/or Board of Directors) as provided in the By-Laws for those issues now subject to the supermajority voting structure (long-term contracts, debt, and rates). This contractual requirement, for example, could be complied with by requiring two readings (at separate meetings of the Executive Committee) with a simple majority vote required to be taken and pass at each meeting.

Process

To change the supermajority voting structure, the Executive Committee By-Laws would have to be amended by vote of the Executive Committee. Amendments to the Executive Committee By-Laws must also be approved by a supermajority of 75% of the votes present as a quorum.

We look forward to discussing these issues with you on February 16. Please do not hesitate to call if there are any questions.

FMB:JLF/jlf