



FMPA BOARD OF DIRECTORS AGENDA PACKAGE

September 19, 2019

9:00 a.m. [NOTE TIME]

Dial-in Info 877-668-4493 or 650-479-3208

Meeting Number 731 528 032#

Board of Directors

Barbara Quiñones, Homestead –Chair
Lynne Tejeda, Key West – Vice Chair
Larry Mattern, Kissimmee – Secretary
Allen Putnam, Jacksonville Beach – Treasurer
Rodolfo Valladares, Alachua
Bradley Hiers, Bartow
Vacant, Blountstown
Jody Young, Bushnell
Robert Presnell, Chattahoochee
Lynne Mila, Clewiston
Fred Hilliard, Fort Meade
John Tompeck, Fort Pierce
Tom Brown, Gainesville
Robert Page, Green Cove Springs
Howard McKinnon, Havana
Ed Liberty, Lake Worth Beach

Michael Beckham, Lakeland
Brad Chase, Leesburg
Vacant, Moore Haven
Steve Langley, Mount Dora
Bill Conrad, Newberry
Joe Bunch, New Smyrna Beach
Sandra Wilson, Ocala
Claston Sunanon, Orlando
Vacant, Quincy
Bill Sturgeon, St. Cloud
Robert Milner, Starke
Rob McGarrah, Tallahassee
James Braddock, Wauchula
Scott Lippmann, Williston
Dan D'Alessandro, Winter Park

Meeting Location

**Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819
(407) 355-7767**



MEMORANDUM

TO: FMPA Board of Directors
FROM: Jacob A. Williams, General Manager and CEO
DATE: September 10, 2019
RE: **FMPA Board of Directors Meeting – 9:00 a.m., September 19, 2019 [NOTE TIME]**
PLACE: Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
DIAL-IN: **DIAL-IN INFO 877-668-4493 or 650-479-3208, Meeting Number 731 528 032# NOTE PASSWORD - 8553**
(If you have trouble connecting via phone or internet, call 407-355-7767)

AGENDA

Chairperson Barbara Quiñones, Presiding

1. **Call to Order, Roll Call, Declaration of Quorum** 4
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 - b. Approval of the Projects' Financials as of July 31, 2019..... 26
 - c. Approval of the Treasury Reports as of July 31, 2019..... 28

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- b. Approval of Resolution 2019-B10 – Approval of Budget Amendment for Tri-City Project (Jason Wolfe) 40
- c. Approval of Resolution 2019-B11 – Approval of Budget Amendment for Stanton II Project (Jason Wolfe) 48
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- b. Solar Project Development Fund Usage (Chris Gowder) 140
- c. Update on FP&L Transmission Rate Increases * (Ken Rutter)..... 150
- d. Human Resources Quarterly Report to the Board (Sharon Adams)..... 156
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- f. Cyber Security Update (Verbal Report) (Carol Chinn)..... 216

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11. Adjournment..... 218

***Also on the Executive Committee agenda.**

JW/su

NOTE: 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 (888) 774-7606, at least two (2) business days in advance to make appropriate arrangements.

**AGENDA ITEM 1 - CALL TO ORDER,
ROLL CALL, DECLARATION OF
QUORUM**

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 2 – RECOGNITION OF
GUESTS**

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 3 – PUBLIC
COMMENTS (Individual Public
Comments Limited to 3 Minutes)**

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 4 – SET AGENDA (By
Vote)**

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 5 – REPORT FROM
THE GENERAL MANAGER**

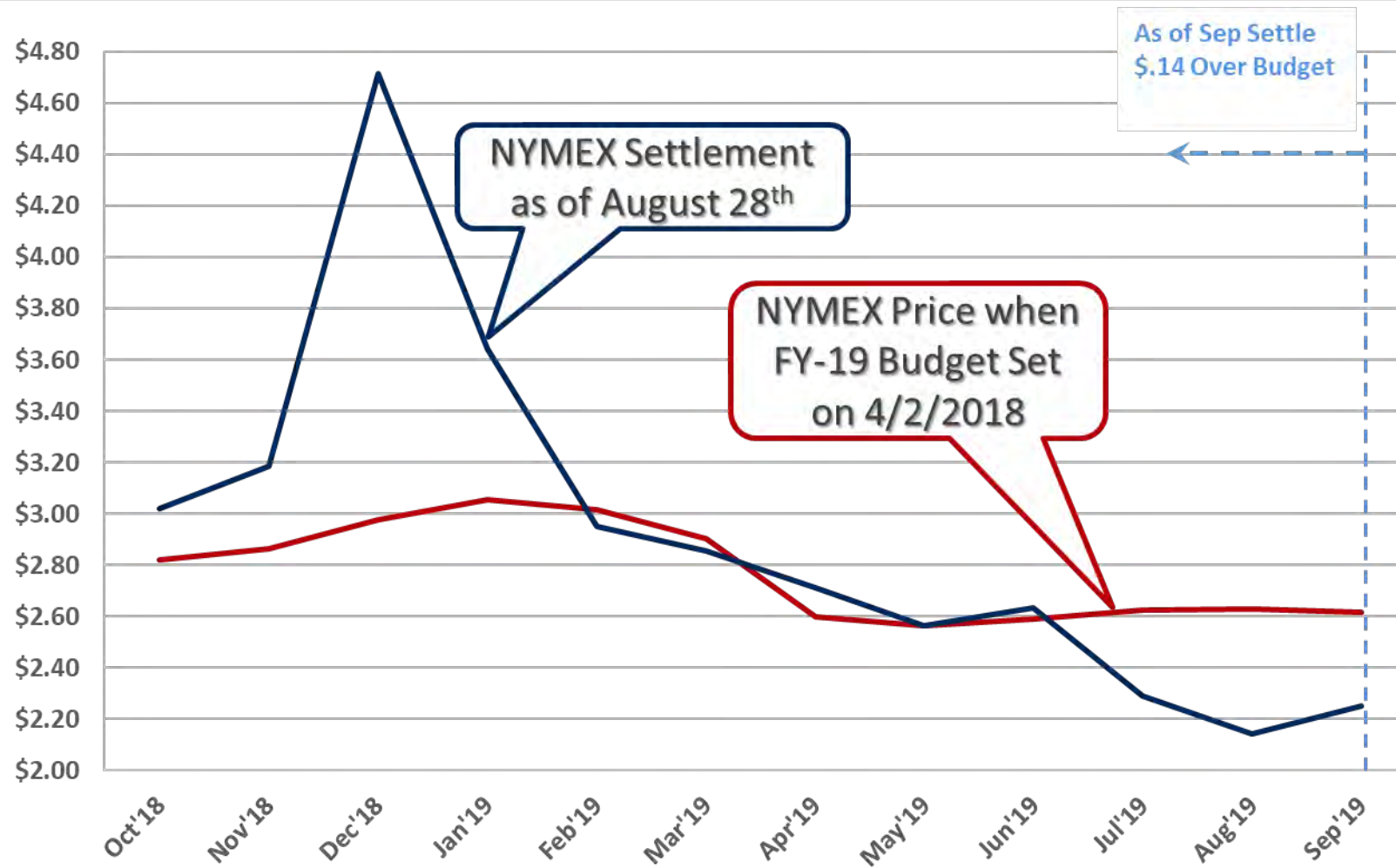
**Board of Directors Meeting
September 19, 2019**

Fiscal 2019 Management Goals Scorecard, as of August 31, 2019

Goal	Status	Actual	YTD		FY 2019 Target	Comment
			Actual	Target		
1. Safety (no lost-time accidents for employees or agents)		1	3	0	0	One lost time incident when a Cane Island employee was walking on grating at TCEC, stepped on an unsupported section, fell and sprained ankle. Existing welds were broken when vehicles drove over grating. Grating now secured with new welds.
2a. Compliance (no violations that are not self-reported)	Environ.			0	0	Zero compliance violations.
	Financial			0	0	
	Regulatory			0	0	
2b. Cyber Security (zero cyber breaches: Corp IT & Plant Ops)				0	0	
2c. Phishing Testing		0	10%	<10%	<10%	Email re: Help Desk Announcements
3. Low Costs (\$/MWh)	Controllable	\$40.87	\$50.75	\$54.51	\$52.99	Actual data through July 2019 - will be updated prior to meeting. YTD energy sales 3% > budget, O&M costs \$3M < budget help drive YTD costs \$3 < budget.
	Fuels	\$15.90	\$22.68	\$22.74	\$22.36	
	All-in	\$56.77	\$73.43	\$77.25	\$75.35	
4. Reliability (EAF for base-load units)		100%	95%	88%	88%	100% reliability for all base load units in Aug. Less forced outage hours than expected YTD.

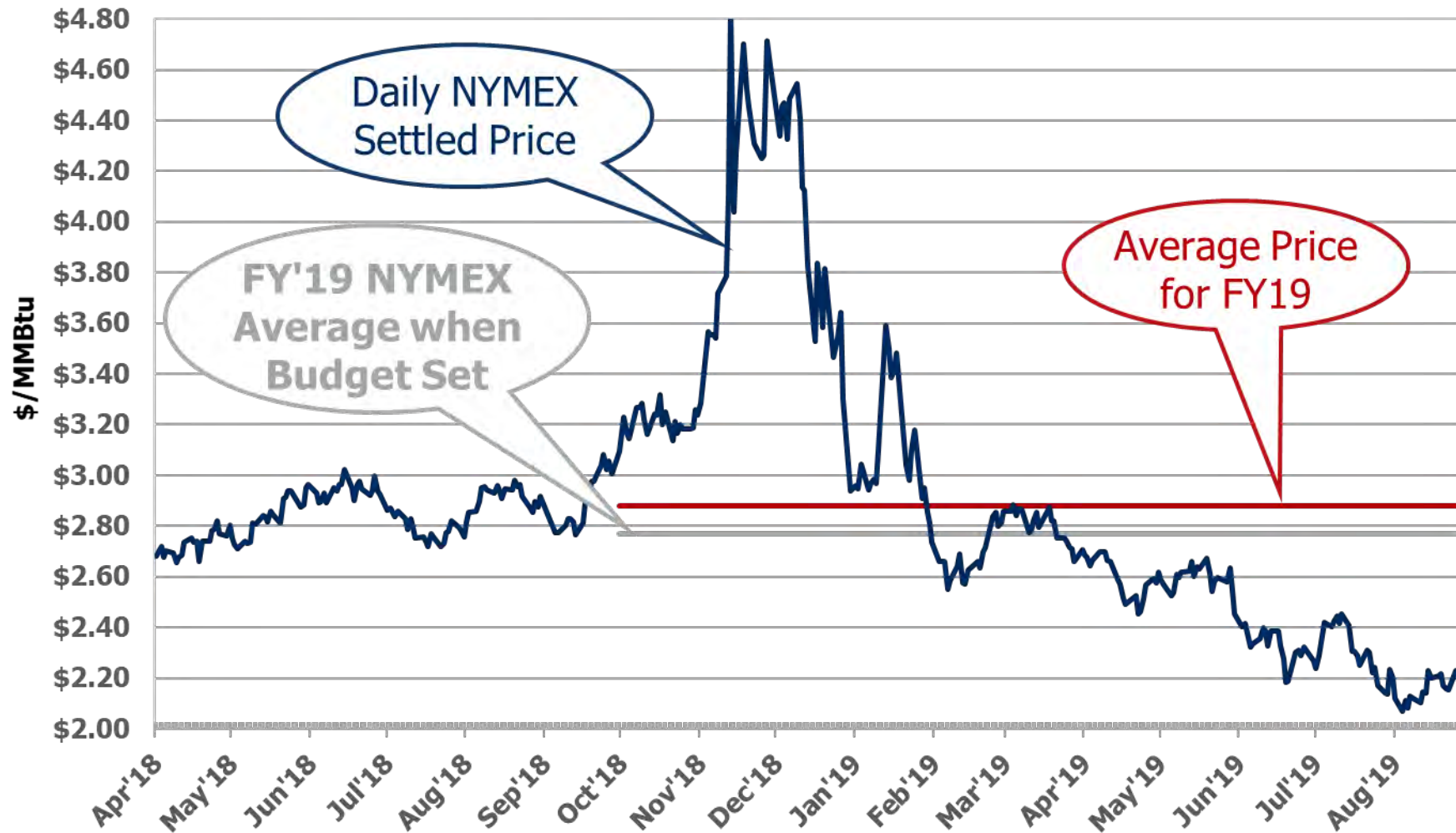
FY 2019 NYMEX Contract \$0.14/MMBtu Above Budget

Final NYMEX Natural Gas Settlement for FY19



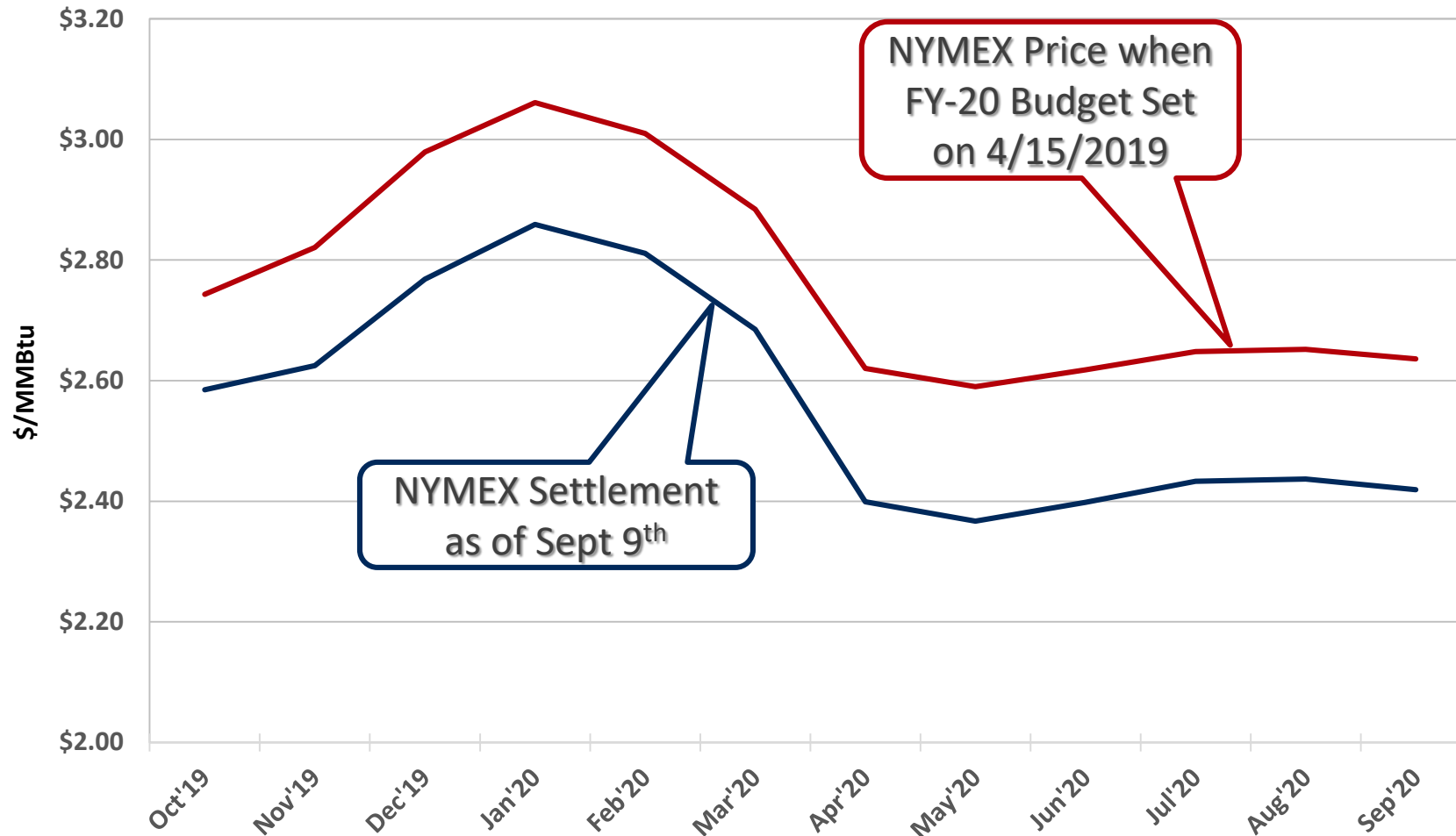
Daily NYMEX Strip Action for since FY19 Budget Set

Daily Settled Price \$0.11 above Budget as of Final FY19 Settlement



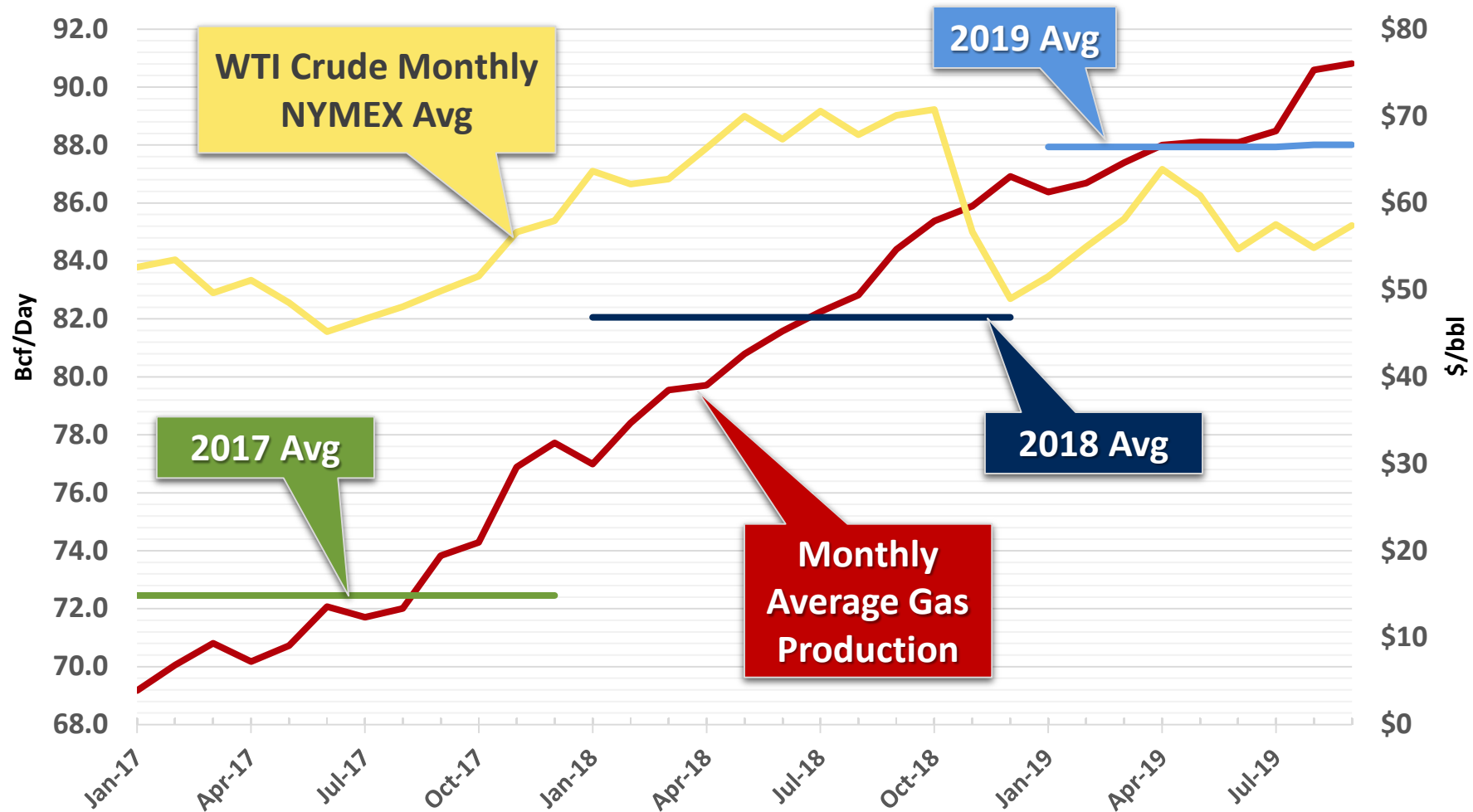
FY 2020 NYMEX Contract \$0.21/MMBtu Below Budget

NYMEX Natural Gas Settlement (as of 9/9/19)



Natural Gas Production Following Changes in Oil Prices

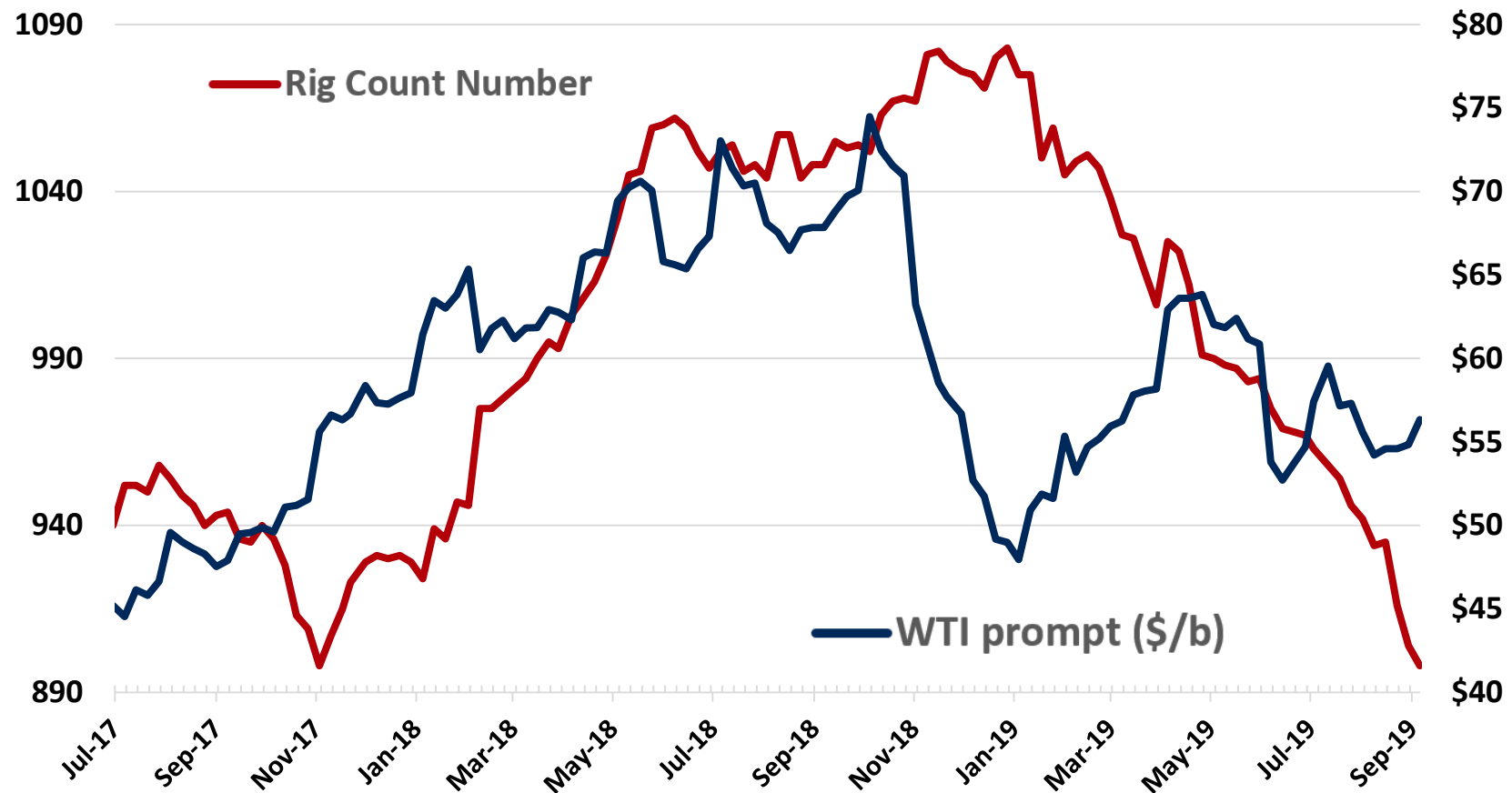
Average Monthly Change Since 2017 to Date (9/9/19)



Drilling Rig Growth Recovering with Rise in Oil Prices

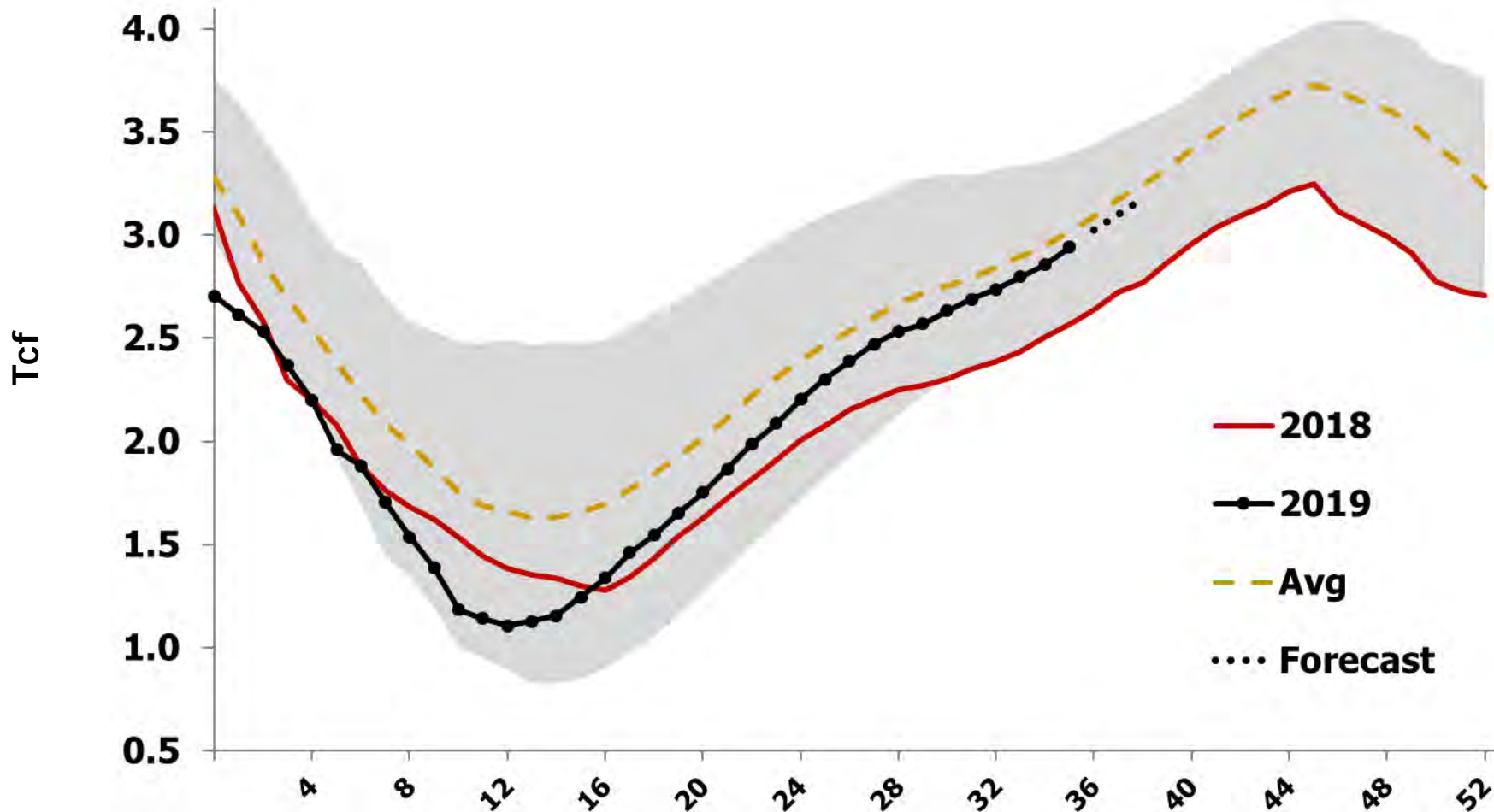
Drilling Rig Expansion impacted by the changes in WTI Price

US Drilling Rig Count vs WTI Prompt



Gas Storage Inventory as of Week Ending August 30th

Injection Season trending above 2018 levels, approaching 5 Year Average



(Continued) Management Goals Scorecard, as of August 31, 2019

Goal	Status	Comment
5. Excess Capacity Reduction (reduce costs of 35 MW)		Submitted revised proposals to Homestead in response to refined request, pending further discussion. The Energy Authority (TEA) decided not to pursue a purchase at this time for CY20. Wholesale on peak energy sales made for October with Macquarie and TEA. Each sale is for 50MW.
6. Generation Team Fleet Resource Sharing (80 days)		Total of 107 days FYTD. Cane Island staff to Treasure Coast. 6 Days in August.
7. Member Visits by Leadership Team (75 visits)		2 visits in August. Total YTD is 96.
8. Member Services		24 YTD. No new projects for August.
10 project oversight		
13 regional trainings		Substation training held at OUC and System Control Roundtable held at GRU in August.

(Continued) Management Goals Scorecard, as of August 31, 2019

Goal	Status	Comment
9. Develop 2nd Low-Cost Solar Project Opportunity		Finalizing participation amounts – total 14 members /167.25 MW. PPA negotiation with Origis in progress. Member agreement finalization in progress. December EC and BOD approval anticipated.
10. Financial Transactions (gas prepay; St. Lucie debt)		First Pooled Loan closing 9/11/19 with the City of Bushnell
11. People & Employee Retention (climate survey; train managers; quarterly report to Board of Directors)		All but one recommendation from the Management letter has been completed. The 360 assessments have been completed and one on one sessions complete. Leadership team building scheduled for October. Ongoing performance appraisals improvement and training.
12. Process Improvement (redesign invoice payments; define Internal Audit scope)		Team focused on utilization of SharePoint and Document Management and retention. Training held on SharePoint. Plan to utilize SharePoint for document control for agenda package process. Long-term document management; potential development of department desktop procedures.

VERBAL REPORT

AGENDA ITEM 6 – SUNSHINE LAW UPDATE

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of the Minutes for the
Meeting Held August 22, 2019**

**Board of Directors Meeting
September 19, 2019**

CLERKS DULY NOTIFIEDAUGUST 13, 2019
AGENDA PACKAGES POSTEDAUGUST 13, 2019

MINUTES
FMPA BOARD OF DIRECTORS MEETING
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
THURSDAY, AUGUST 22, 2019
8:30 A.M.

MEMBERS Jody Young, Bushnell
PRESENT Lynne Mila, Clewiston
Fred Hilliard, Fort Meade (via telephone)
John Tompeck, Fort Pierce
Tom Brown, Gainesville (via telephone)
Bob Page, Green Cove Springs
Barbara Quinones, Homestead
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West
Larry Mattern, Kissimmee
Ed Liberty, Lake Worth Beach (via telephone) *
Michael Beckham, Lakeland (via telephone)
Brad Chase, Leesburg
Steve Langley, Mount Dora
Joe Bunch, New Smyrna Beach
Mike Poucher, Ocala
Claston Sunanon, Orlando
Robert Milner, Starke (via telephone)
James Braddock, Wauchula *
Dan D'Alessandro, Winter Park

*joined after roll call.

OTHERS Paul Jakubczak, Fort Pierce
PRESENT Karen Nelson, Jacksonville Beach
Craig Dunlap, Dunlap & Associates, Inc.
Scott Feuerborn, Burns & McDonnell, Inc.
Rich Mahaley, Burns & McDonnell
Craig Crown, Burns & McDonnell
Steven Stein, nFront Consulting
Rafael G. Couret, Power Engineers
Lynn Sand, Leidos
Cynthia Ocasio-Hassett, Worley

**STAFF
PRESENT** Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and CLO
Ken Rutter, Chief Operating Officer
Linda S. Howard, Chief Financial Officer
Carol Chinn, Chief Information and Compliance Officer
Mark McCain, Assistant General Manager, Member Services
and Public Relations
Dan O'Hagan, Assistant General Counsel and Regulatory
Compliance Counsel
Rich Popp, Treasurer and Risk Director
Denise Fuentes, Financial Analyst
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Liyuan Woerner, Audit Manager
Carl Turner, Engineering Services Manager
Mike McCleary, Manager of Member Services Development
Cairo Vanegas, Manager of Member Services Development
Chris Gowder, Business Development and Planning Manager
Jason Wolfe, Financial Planning, Rates and Budget Director
Danyel Sullivan-Marrero, Controller
Sharon Adams, Human Resources Director
Luis Cruz, Information Technology Manager
Rattanak Srun, Systems Administrator
Jesse Rivera, Information Technology Support Specialist
Isabel Montoya, Information Technology Intern
Susan Schumann, Manager of External Affairs and Solar Projects
David Schumann, Power Generation Fleet Director
Ed Nunez, Assistant Treasurer/Debt
Navid Nowakhtar, Business Development and Resource Planner

ITEM 1 - CALL TO ORDER, ROLL CALL AND DECLARATION OF QUORUM

Chairperson Barbara Quiñones, Homestead, called the Board of Directors meeting to order at 8:31 a.m. on Thursday, August 22, 2019, in the Frederick M. Bryant Board Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 18 members present representing 33 votes out of a possible 47.5. Ed Liberty, Lake Worth Beach and James Braddock, Wauchula, joined after roll call bringing the total number of members present to 20 present representing 36 votes out of a possible 47.5.

ITEM 2 – Recognition of Guests

Chairperson Quiñones introduced and welcomed FMPA's new Board member Brad Chase, Director of Electric for the City of Leesburg and Rich Mahaley, Craig Brown and Scott Feuerborn of Burns & McDonnell.

ITEM 3 – PUBLIC COMMENTS (Individual Public Comments Limited to 3 Minutes)

None

ITEM 4 – SET AGENDA (by vote)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Mike Poucher, Ocala, seconded the motion. Motion carried 36 – 0.

ITEM 5 – REPORT FROM THE GENERAL MANAGER

Jacob Williams reported on the following items:

1. Goals Scorecard
2. Clean SERC audit of FMPA with no findings (violations) or areas of concern and no recommendations.
3. Member Services – offer to members to help with APPA's Cyber Security Scorecard and update on System Mapping for members
4. PGP sale of West Texas assets with FMPA's share being \$2.5 million
5. PolyTech Services/Strata Solar contact ARP members about solar and battery
6. Fusing for Lineworkers Class in September
7. Administrative item – passwords will be required for FMPA public meetings due to international callers dialing in on WebEx meetings; upcoming meeting schedule – possibly cancelling the November meetings; and FMPA notices to clerks vs. important FMPA information being sent out
8. Update on JEA

ITEM 6 – SUNSHINE LAW UPDATE

Dan O'Hagan gave an update on text messages and public records, noting a recent news article involving two members of the Florida House of Representatives that received identical public records request, but responded differently to the request. He reminded Board members that text messages made or received in connection with agency business are public records, and that their retention requirements depend on the nature of the message.

ITEM 7 – CONSENT AGENDA

- a. Approval of Minutes – Meeting Held July 17, 2019
- b. Approval of the Projects' Financials as of June 30, 2019
- c. Approval of the Treasury Reports as of June 30, 2019

MOTION: Larry Mattern, Kissimmee, moved approval of the Consent Agenda as presented. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 36 – 0.

ITEM 8 – ACTION ITEMS

a. Approval of Resolution 2019-B8 – Approval of the FY2019 Pooled Loan Project Budget

MOTION: Lynne Tejeda, Key West, moved approval of Resolution 2019-B8. Mike Poucher, Ocala, seconded the motion.

Resolution 2019-B8 was read by title:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FLORIDA MUNICIPAL POWER AGENCY: (I) PROVIDING FOR DEFINED TERMS; (II) ESTABLISHING, APPROVING, AND ADOPTING THE ANNUAL BUDGET FOR THE INITIAL POOLED LOAN PROJECT OF THE FLORIDA MUNICIPAL POWER AGENCY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; (III) DEFINING BUDGET AMENDMENTS; (IV) ESTABLISHING LEVELS OF APPROVAL REQUIRED FOR BUDGET AMENDMENTS; (V) PROVIDING FOR LAPSE OF UNEXPENDED FUNDS; (VI) PROVIDING FOR SEVERABILITY; AND (VII) PROVIDING AN EFFECTIVE DATE.

Motion carried 36 – 0.

b. Approval of Change in 1st and 2nd Read Process

MOTION: Allen Putnam, Jacksonville Beach, moved approval that the Board of Directors two-read policy will be handled by a first presentation to the Finance Committee, with a summary report given to the Board of Directors, and a second presentation to the Board of Directors at the subsequent month's meeting beginning October 1, 2019. John Tompeck, Fort Pierce, seconded the motion. Motion carried 36 – 0.

ITEM 9 – INFORMATION ITEMS

a. Notice of Annual Continuing Disclosure Report for Fiscal Year Ended September 30, 2018

Ed Nunez reported that the Notice of Annual Continuing Disclosure Report for Fiscal Year Ended September 30, 2018 was filed on time and thanked the members and their staff for sending the information to FMPA in a timely manner.

b. Solar Projects' Phase I Update

Chris Gowder updated the Board on the Solar Project Phase 1.

c. Solar Project Phase II Update

Susan Schumann updated the Board on the Solar Project Phase 2.

d. Update on Transmission Rate Increases

Ken Rutter updated the Board on upcoming transmission rate increases from FPL and OUC.

ITEM 10 – MEMBER COMMENTS

Lynne Tejeda, Key West, said they had a peer review and they had good observations for improvement. She thanked the cities who participated and FMPA's staff.

Bob Page, Green Cove Springs, asked for a report to the Board on FMPA's efforts on cyber security. This report will be presented at the September 2019 Board meeting.

ITEM 11 – ADJOURNMENT

There being no further business, the meeting was adjourned at 10:37 a.m.

Barbara Quiñones
Chairperson, Board of Directors

Larry Mattern
Secretary

Approved: _____

Seal

BQ/LM/su

**AGENDA ITEM 7 – CONSENT
AGENDA**

- b. Approval of the Projects’
Financials as of July 31, 2019**

**Board of Directors Meeting
September 19, 2019**



Linda S. Howard, CPA, CTP
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: FMPA Board of Directors
FROM: Linda Howard
DATE: September 10, 2019
ITEM: 7b – Approval of Projects’ Financials as of July 31, 2019

Discussion: The summary financial statements and detailed financial statements of the Projects for the period ended July 31, 2019 are posted on the Document Portal section of FMPA’s website.

Recommended: Move approval of the Projects’ Financial Reports for the month ended July 31, 2019.

LH/GF

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Treasury
Reports as of July 31, 2019**

**Board of Directors Meeting
September 19, 2019**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Board of Directors
FROM: Gloria Reyes
DATE: September 10, 2019
ITEM: BOD 7(c) – Approval of Treasury Reports as of July 31, 2019

Introduction This agenda item is a quick summary update of the Treasury Department's functions.

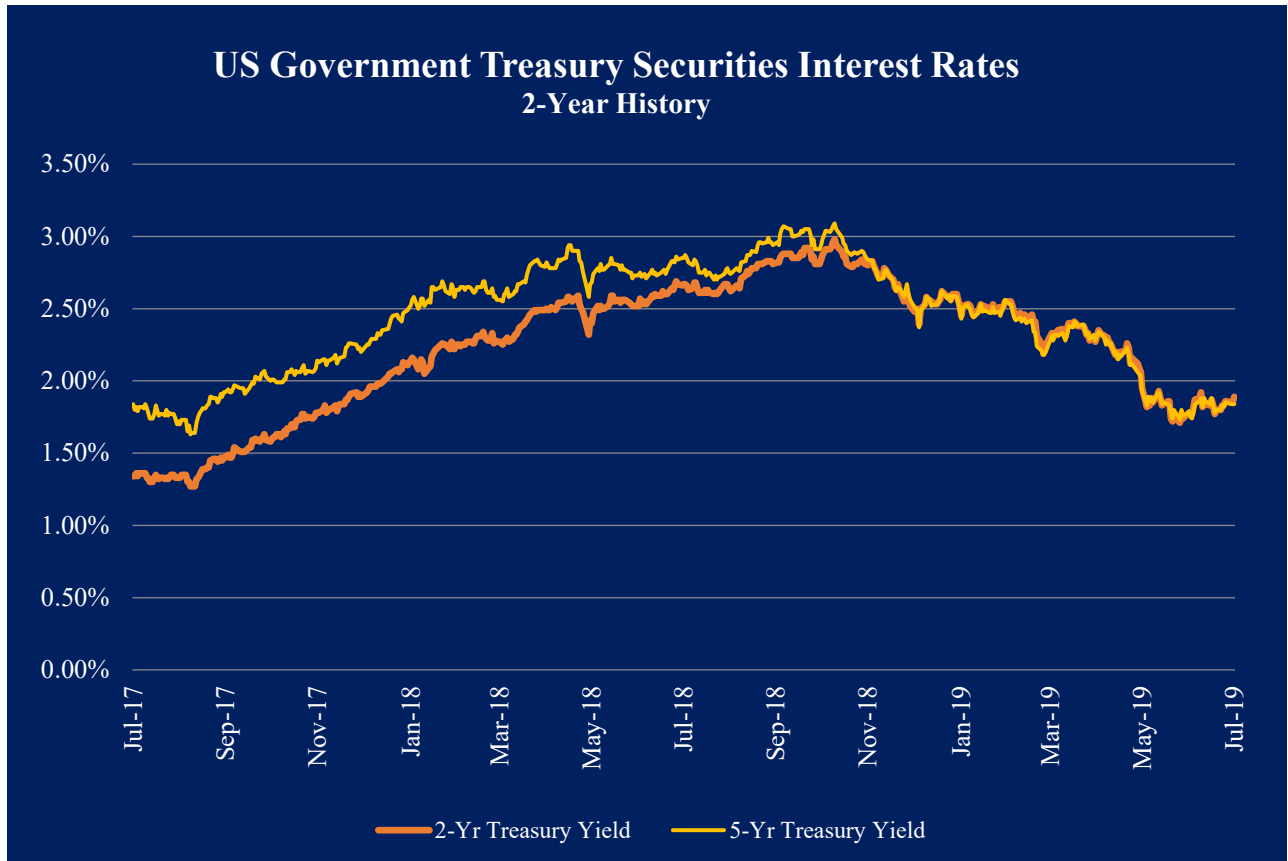
The Treasury Department reports for July are posted in the member portal section of FMPA's website.

Debt Discussion Below is a summary of the total debt outstanding and the percentage of debt that was fixed, variable or synthetically fixed with interest rate swaps as of July 31, 2019.

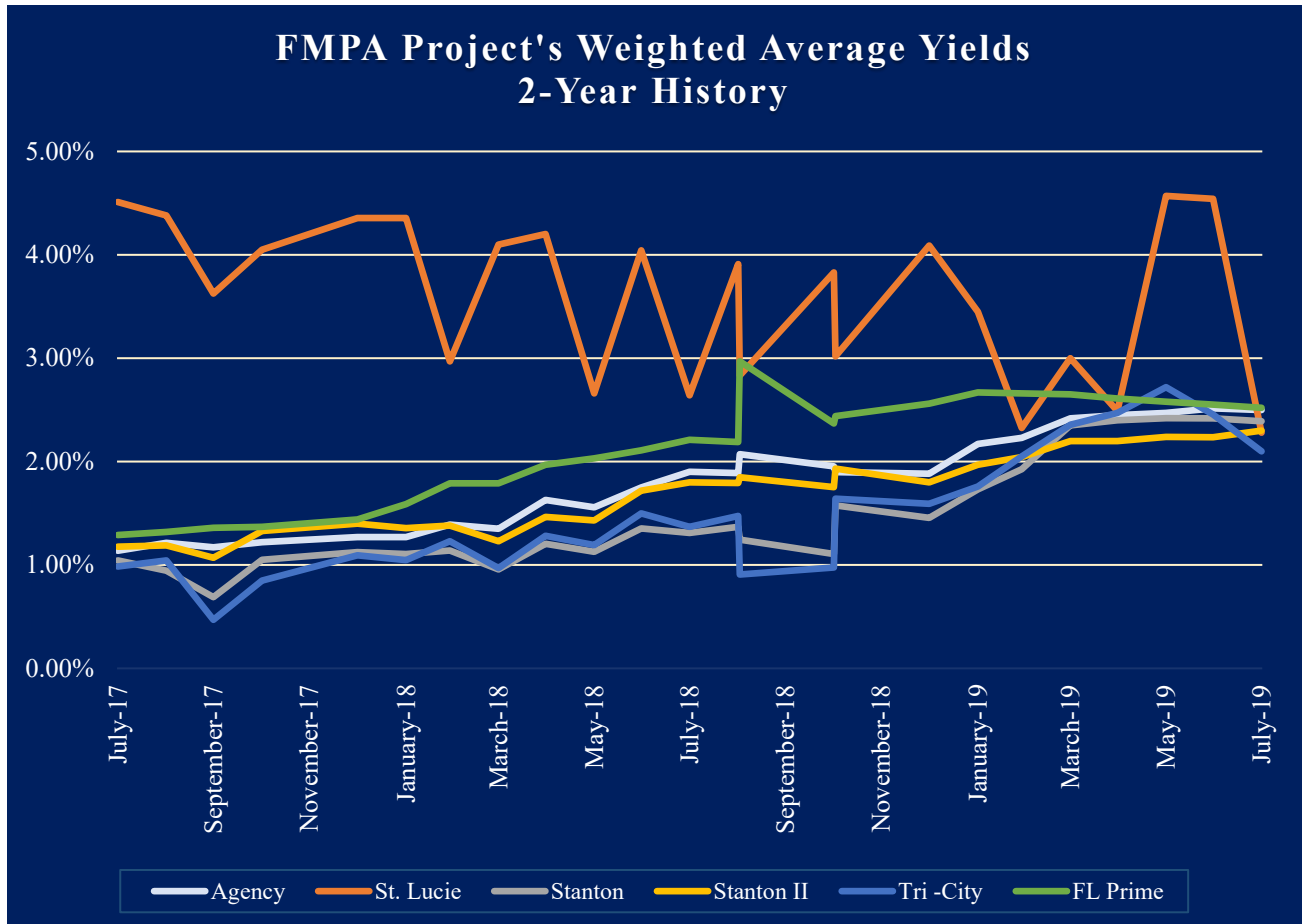
	Total debt Outstanding	Fixed Rate	Variable Rate	Synthetically Fixed
Agency	220,000	100%	0%	0%
St Lucie	134,850,000	100%	0%	0%
Stanton	8,985,000	100%	0%	0%
Stanton II	122,801,000	100%	0%	0%
Tri City	3,290,000	100%	0%	0%

**Investment
Discussion** The investments in the Projects are comprised of debt from the government-sponsored enterprises such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae), as well as investments in U.S. Treasuries, Commercial Paper, Municipal Bonds, Corporate Notes and Money Market Mutual Funds.

Below is a graph of US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of July at 1.89%. The yellow line is the 5-year Treasury which was 1.84%.



The weighted average yields on investments earned as of July 31, 2019 in the Projects, along with their benchmark (SBA's Florida Prime Fund), are as follows:



Recommended
Motion

Move approval of the Treasury Reports for July 31, 2019.

AGENDA ITEM 8 – ACTION ITEMS

- a. Approval of Resolution 2019-B9 –
Approval of the Budget
Amendment for Stanton Project**

**Board of Directors Meeting
September 19, 2019**



BOD 8a - Approval of Resolution 2019-B9 for FY 2019 Stanton Project Budget Amendment

FMIPA Board of Directors
September 19, 2019

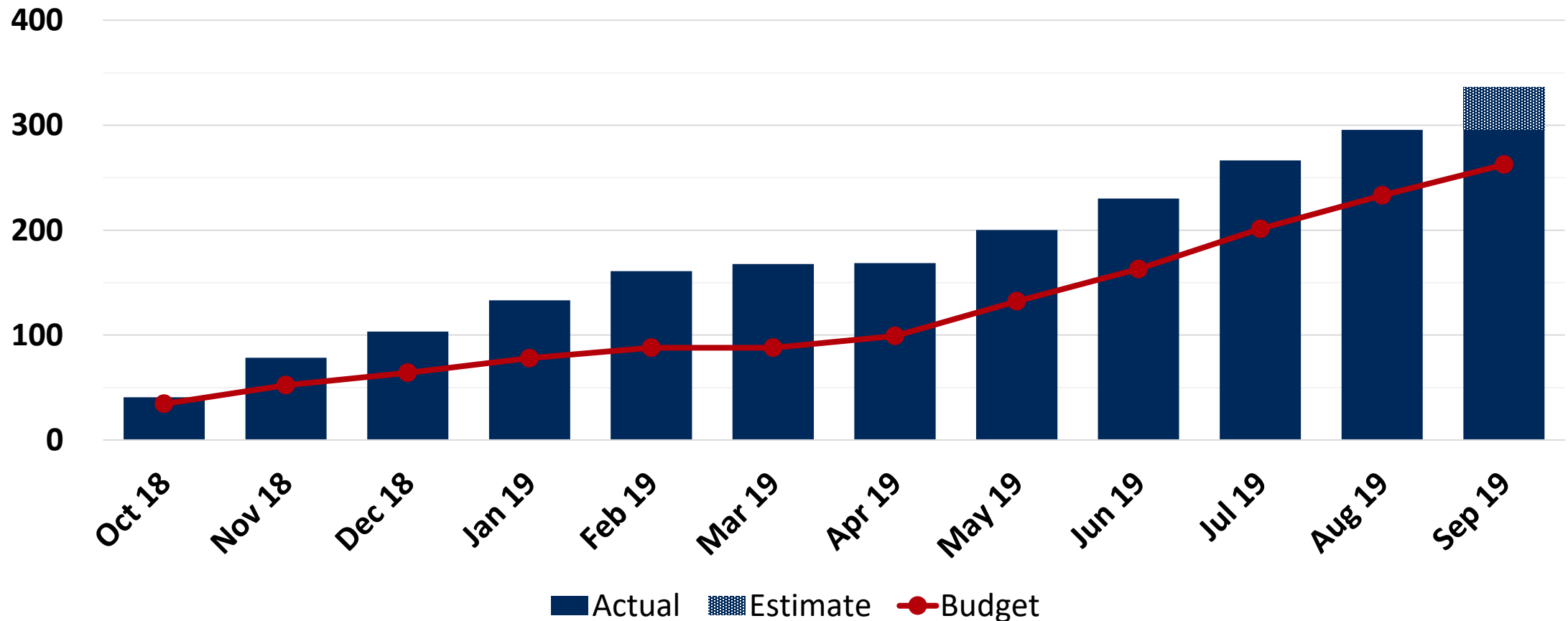
Spending Authority Increase Needed for Stanton Project for FY 2019

- Stanton Project needs budget amendment due to generation running above budgeted levels
- Amendment need purely due to fuel expense well above budget
- O&M and other project costs running below budget
- Estimated spending authority shortfall is \$1.6M, but requesting \$2.0M budget increase to cover fuel-related contingencies (e.g., September generation > forecast, coal inventory adjustment, etc.)
- Because fuel expense is billed to Participants based on actual cost, additional approved amounts will only be billed to the extent the expenses are actually incurred
- Seeking approval in September due to need to pay expenses in excess of approved spending authority prior to October BOD meeting – otherwise, special-called meeting would be required

Stanton Project YTD Generation ~27% > Budget

YTD Capacity Factor 56% vs. Budgeted 44%

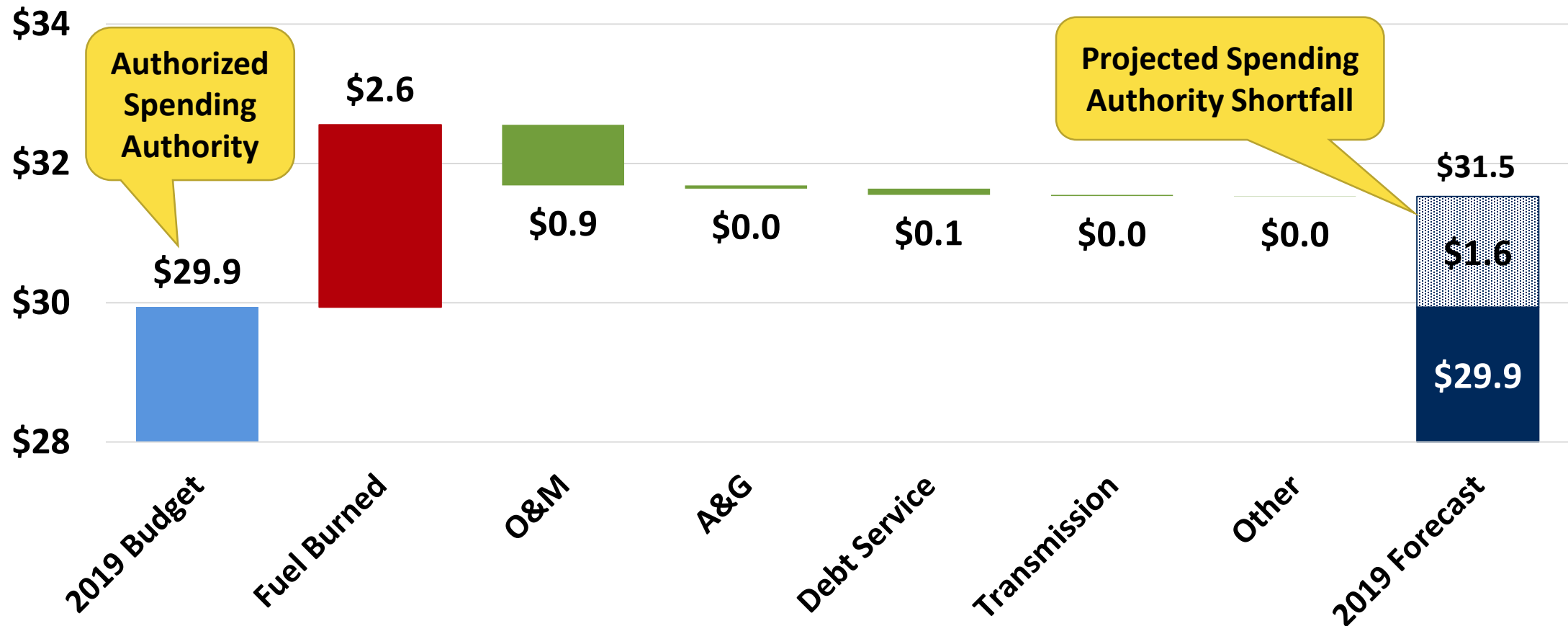
Stanton Project FY 2019 Cumulative Generation vs. Budget (GWh)



Fuel Costs > Budget Drive Stanton Project Budget Amendment Need

Other Project Costs Forecasted < Budget

Stanton Project FY 2019 Year-End Forecast Spending vs. Budget (\$Millions)



Recommended Motion

- Move approval of Resolution 2019-B9 to increase the FY 2019 Stanton Project budget spending authority by \$2.0 million.

RESOLUTION OF THE BOARD OF DIRECTORS OF FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING THE STANTON PROJECT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; (II) ADOPTING THE AMENDED BUDGET FOR THE STANTON PROJECT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; AND (III) PROVIDING AN EFFECTIVE DATE.

Whereas, pursuant to Resolution 2018-B10 adopted on June 14, 2018, the Board of Directors adopted the Stanton Project budget for the fiscal year beginning October 1, 2018, and ending September 30, 2019 (“**Fiscal Year 2019**”) authorizing total expenses of \$29,937,000;

Whereas, pursuant to Section III of Resolution 2018-B10, a proposed amendment to the Fiscal Year 2019 budget for the Stanton Project has been duly submitted to the Board of Directors for approval; and

Whereas, the proposed budget amendment of \$2,000,000 is needed to adjust expenditures for higher levels of Project operations, which has the effect of lowering the average per MWh Stanton Project costs to a forecast average cost of \$91.24 MWh for Fiscal Year 2019.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Amendment to Stanton Project Budget.** The Stanton Project budget for Fiscal Year 2019 is hereby amended from total expenses of \$29,937,000 to total expenses of \$31,937,000.

SECTION II. **Adoption of Budget Amendment.** The Stanton Project budget for Fiscal Year 2019 as amended by Section I above is hereby approved and adopted.

SECTION III. **Effective Date.** This resolution shall take effect immediately upon its adoption.

This Resolution 2019-B9 is hereby approved and adopted by the Board of Directors of the Florida Municipal Power Agency on September 19, 2019.

Chair, Board of Directors

I HEREBY CERTIFY that on September 19, 2019, the above Resolution 2019-B9 was approved and adopted by the Board of Directors of the Florida Municipal Power Agency, and that this is a true and conformed copy of Resolution 2019-B9.

ATTEST:

Secretary or Assistant Secretary

SEAL

AGENDA ITEM 8 – ACTION ITEMS

- b. Approval of Resolution 2019-B10
– Approval of Budget Amendment
for Tri-City Project**

**Board of Directors Meeting
September 19, 2019**



BOD 8b - Approval of Resolution 2019-B10 for FY 2019 Tri-City Project Budget Amendment

FMIPA Board of Directors
September 19, 2019

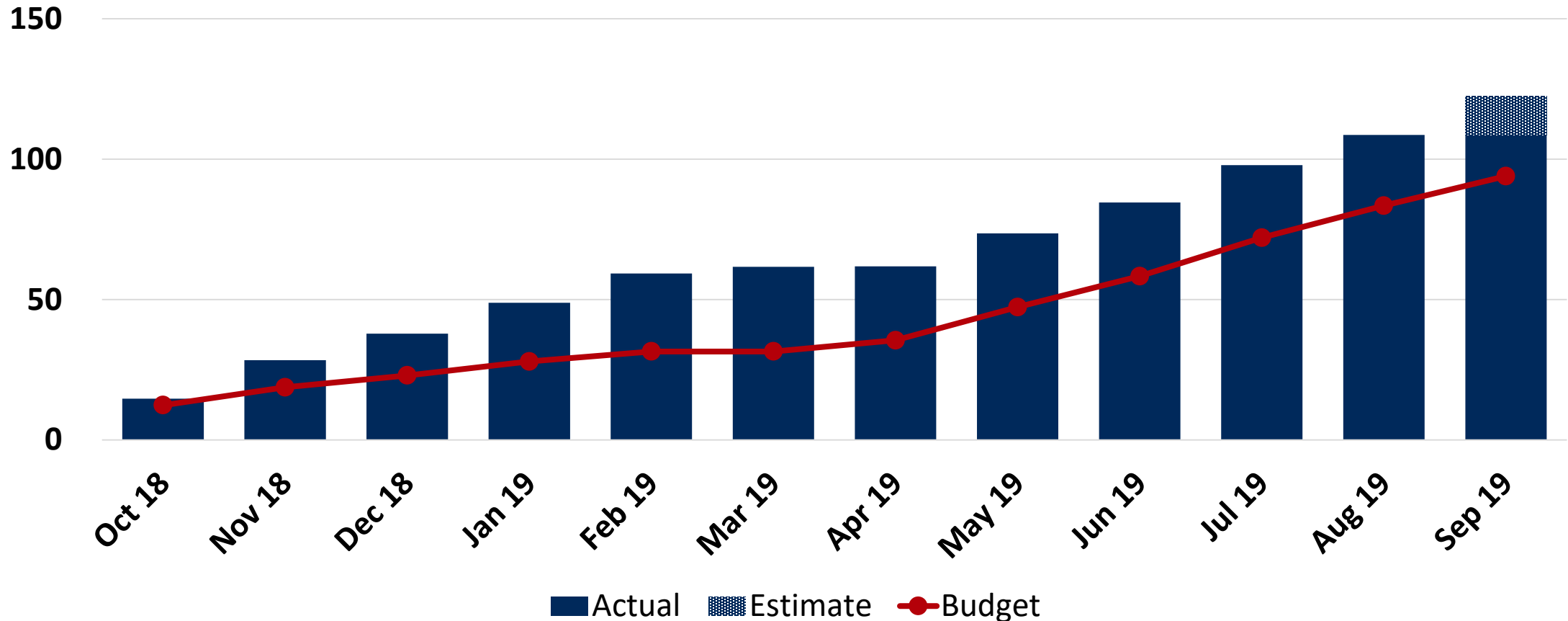
Spending Authority Increase Needed for Tri-City Project for FY 2019

- Tri-City Project needs budget amendment due to generation running above budgeted levels
- Amendment need purely due to fuel expense well above budget
- O&M and other project costs running below budget
- Estimated spending authority shortfall is \$750k, but requesting \$1.0M budget increase to cover fuel-related contingencies (e.g., September generation > forecast, coal inventory adjustment, etc.)
- Because fuel expense is billed to Participants based on actual cost, additional approved amounts will only be billed to the extent the expenses are actually incurred
- Seeking approval in September due to need to pay expenses in excess of approved spending authority prior to October BOD meeting – otherwise, special-called meeting would be required

Tri-City Project YTD Generation ~30% > Budget

YTD Capacity Factor 58% vs. Budgeted 44%

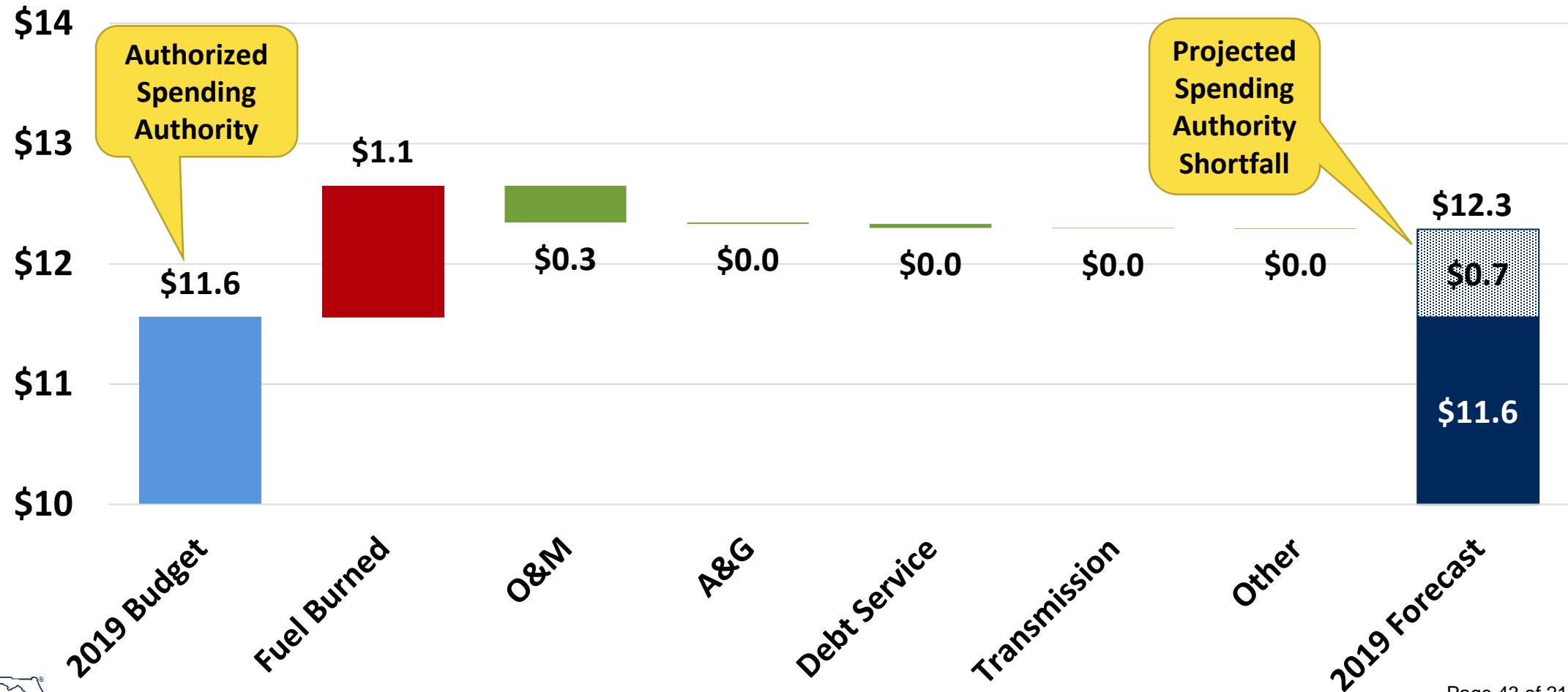
Tri-City Project FY 2019 Cumulative Generation vs. Budget (GWh)



Fuel Costs > Budget Drive Tri-City Project Budget Amendment Need

Other Project Costs Forecasted < Budget

Tri-City Project FY 2019 Year-End Forecast Spending vs. Budget (\$Millions)



Recommended Motion

- Move approval of Resolution 2019-B10 to increase the FY 2019 Tri-City Project budget spending authority by \$1.0 million.

RESOLUTION OF THE BOARD OF DIRECTORS OF FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING THE TRI-CITY PROJECT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; (II) ADOPTING THE AMENDED BUDGET FOR THE TRI-CITY PROJECT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; AND (III) PROVIDING AN EFFECTIVE DATE.

Whereas, pursuant to Resolution 2018-B10 adopted on June 14, 2018, the Board of Directors adopted the Tri-City Project budget for the fiscal year beginning October 1, 2018, and ending September 30, 2019 (“**Fiscal Year 2019**”) authorizing total expenses of \$11,558,000;

Whereas, pursuant to Section III of Resolution 2018-B10, a proposed amendment to the Fiscal Year 2019 budget for the Tri-City Project has been duly submitted to the Board of Directors for approval; and

Whereas, the proposed budget amendment of \$1,000,000 is needed to adjust expenditures for higher levels of Project operations, which has the effect of lowering the average per MWh Tri-City Project costs to a forecast average cost of \$98.25 MWh for Fiscal Year 2019.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Amendment to Tri-City Project Budget.** The Tri-City Project budget for Fiscal Year 2019 is hereby amended from total expenses of \$11,558,000 to total expenses of \$12,558,000.

SECTION II. **Adoption of Budget Amendment.** The Tri-City Project budget for Fiscal Year 2019 as amended by Section I above is hereby approved and adopted.

SECTION III. **Effective Date.** This resolution shall take effect immediately upon its adoption.

This Resolution 2019-B10 is hereby approved and adopted by the Board of Directors of the Florida Municipal Power Agency on September 19, 2019.

Chair, Board of Directors

I HEREBY CERTIFY that on September 19, 2019, the above Resolution 2019-B10 was approved and adopted by the Board of Directors of the Florida Municipal Power Agency, and that this is a true and conformed copy of Resolution 2019-B10.

ATTEST:

Secretary or Assistant Secretary

SEAL

AGENDA ITEM 8 – ACTION ITEMS

- c. Approval of Resolution 2019-B11
– Approval of Budget Amendment
for Stanton II Project**

**Board of Directors Meeting
September 19, 2019**



BOD 8c - Approval of Resolution 2019-B11 for FY 2019 Stanton II Project Budget Amendment

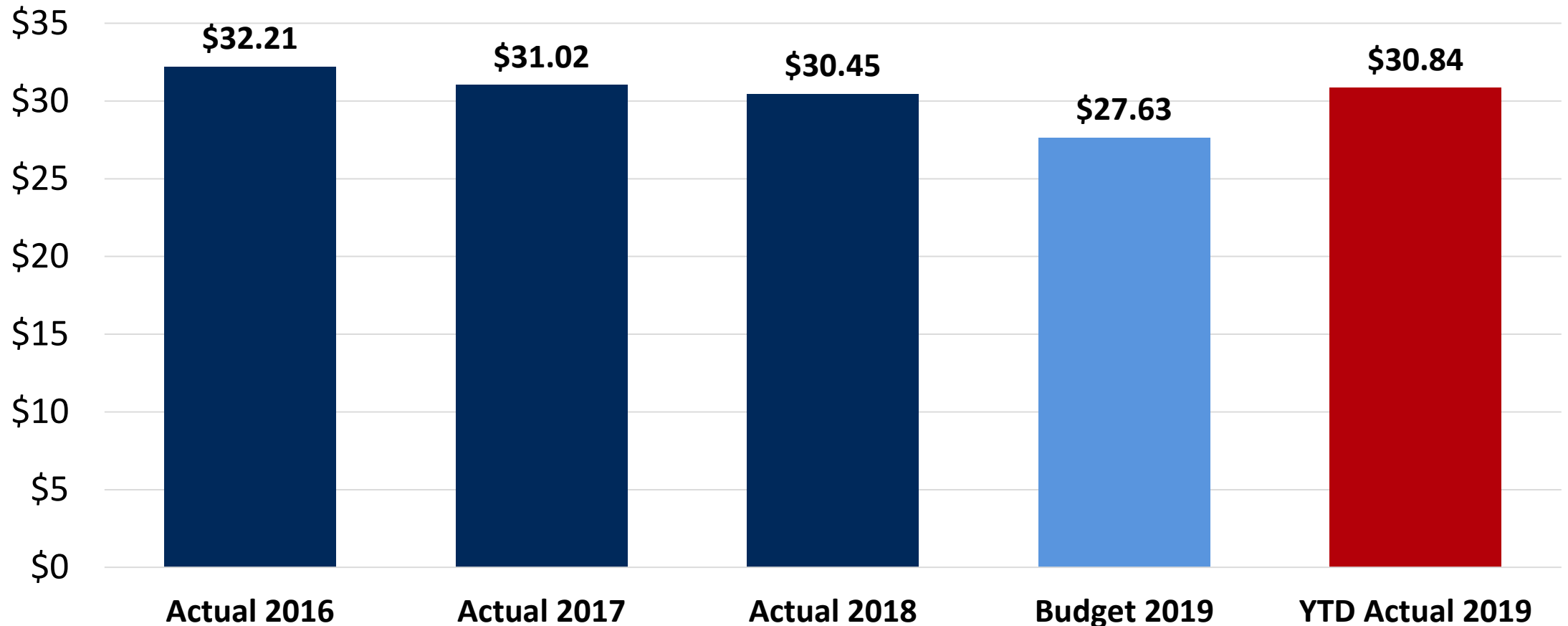
FMIPA Board of Directors
September 19, 2019

Spending Authority Increase Requested for Stanton II Project for FY 2019

- Stanton II Project budget amendment needed due to (1) per-unit fuel costs and (2) generation above budgeted levels
- Amendment need purely due to fuel expense well above budget
- O&M and other project costs running below budget
- Estimated spending authority shortfall is \$0.8M, but requesting \$1.0M budget increase to cover fuel-related contingencies (e.g., September generation > forecast, coal inventory adjustment, etc.)
- Because fuel expense is billed to Participants based on actual cost, additional approved amounts will only be billed to the extent the expenses are actually incurred
- Seeking approval in September due to potential need to pay expenses in excess of approved spending authority prior to October BOD meeting – otherwise, special-called meeting would be required

Stanton II Project YTD Fuel Costs ~\$3/MWh > Budget

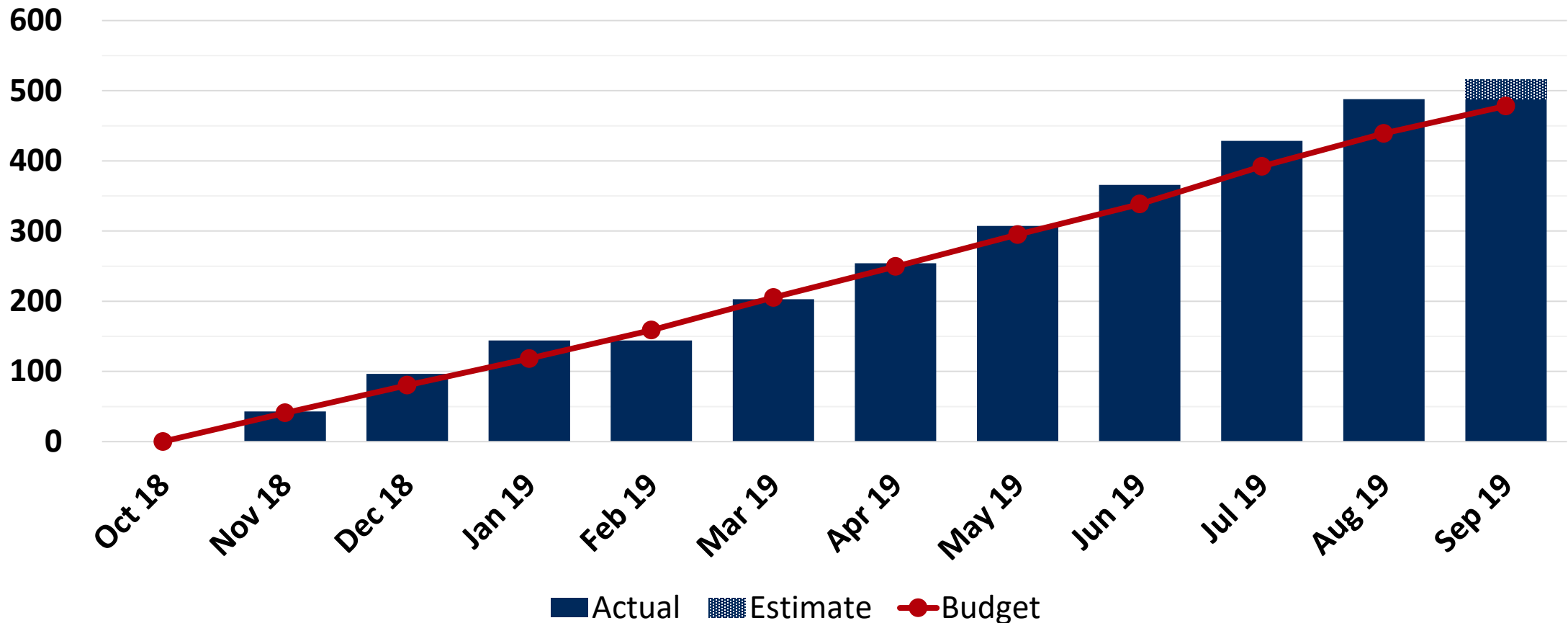
Higher Gas Prices Impacting Rail Costs, January Coal Inventory Adjustment Combine to Drive Fuel Costs Higher



Stanton II Project YTD Generation 11% > Budget

Start of September 2019 Planned Outage Delayed Due to Hurricane Dorian

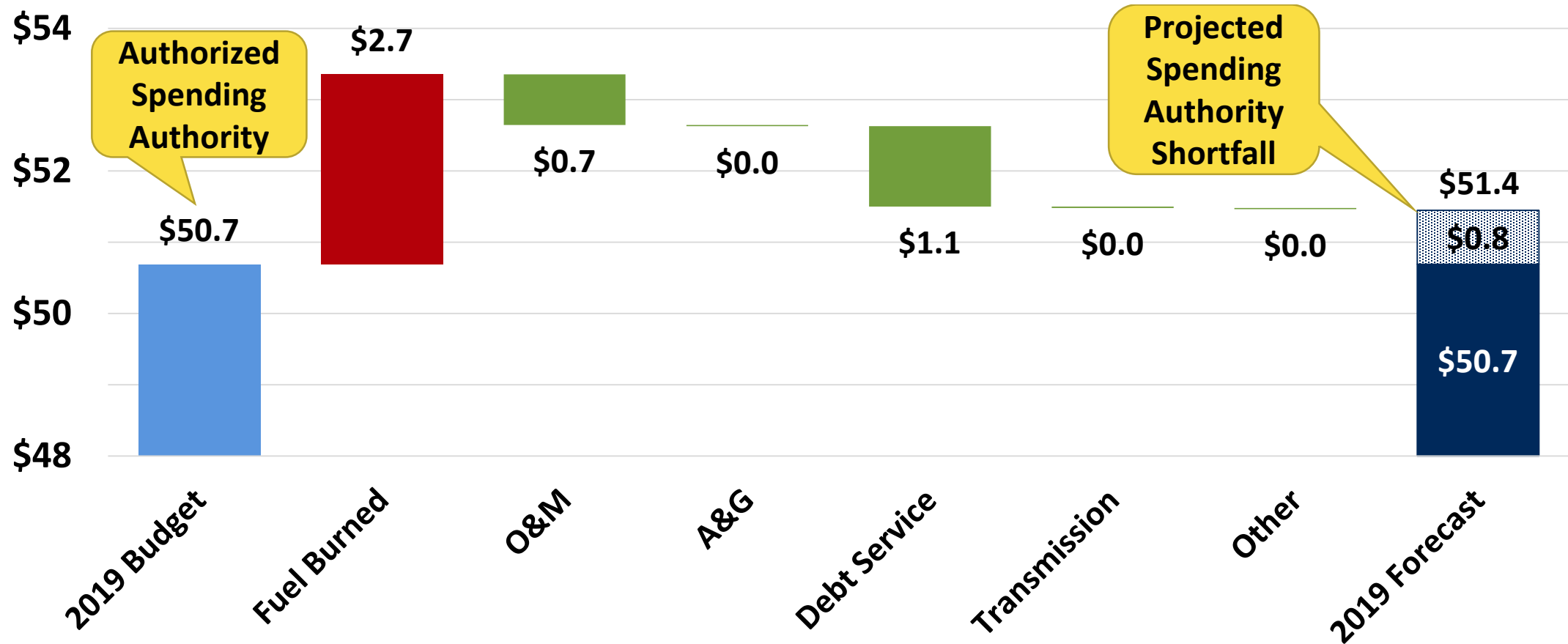
Stanton II Project FY 2019 Cumulative Generation vs. Budget (GWh)



Fuel Costs > Budget Drives Stanton II Project Budget Amendment Need

Other Project Costs Forecasted < Budget

Stanton II Project FY 2019 Year-End Forecast Spending vs. Budget (\$Millions)



Recommended Motion

- Move approval of Resolution 2019-B11 to increase the FY 2019 Stanton II Project budget spending authority by \$1 million.

RESOLUTION OF THE BOARD OF DIRECTORS OF FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING THE STANTON II PROJECT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; (II) ADOPTING THE AMENDED BUDGET FOR THE STANTON II PROJECT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; AND (III) PROVIDING AN EFFECTIVE DATE.

Whereas, pursuant to Resolution 2018-B10 adopted on June 14, 2018, the Board of Directors adopted the Stanton II Project budget for the fiscal year beginning October 1, 2018, and ending September 30, 2019 (“**Fiscal Year 2019**”) authorizing total expenses of \$50,692,000;

Whereas, pursuant to Section III of Resolution 2018-B10, a proposed amendment to the Fiscal Year 2019 budget for the Stanton II Project has been duly submitted to the Board of Directors for approval; and

Whereas, the proposed budget amendment of \$1,000,000 is needed to adjust expenditures for higher levels of Project operations, which has the effect of lowering the average per MWh Stanton II Project costs to a forecast average cost of \$97.47 MWh for Fiscal Year 2019.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Amendment to Stanton II Project Budget.** The Stanton II Project budget for Fiscal Year 2019 is hereby amended from total expenses of \$50,692,000 to total expenses of \$51,692,000.

SECTION II. **Adoption of Budget Amendment.** The Stanton II Project budget for Fiscal Year 2019 as amended by Section I above is hereby approved and adopted.

SECTION III. **Effective Date.** This resolution shall take effect immediately upon its adoption.

This Resolution 2019-B11 is hereby approved and adopted by the Board of Directors of the Florida Municipal Power Agency on September 19, 2019.

Chair, Board of Directors

I HEREBY CERTIFY that on September 19, 2019, the above Resolution 2019-B11 was approved and adopted by the Board of Directors of the Florida Municipal Power Agency, and that this is a true and conformed copy of Resolution 2019-B11.

ATTEST:

Secretary or Assistant Secretary

SEAL

AGENDA ITEM 8 – ACTION ITEMS

- d. Approval of Board Officers
Recommendation on Evaluations
of Jacob Williams, General
Manager and CEO and Jody
Finklea, General Counsel and CLO**

**Board of Directors Meeting
September 19, 2019**



September 10, 2019

TO: FMIPA Board of Directors

FROM FMIPA Board Officers Present Via Telephone for the 9/6/19 Meeting

Barbara Quiñones, Homestead, Chair
Lynne Tejeda, Key West, Vice Chair
Larry Mattern, Kissimmee, Secretary
Allen Putnam, Jacksonville Beach, Treasurer
Howard McKinnon, Havana, Executive Committee Chairman

RE: BOD Item 8d – Approval of Board Officers Recommendation on Evaluations of Jacob Williams, General Manager and CEO and Jody Finklea, General Counsel and CLO

The Officers of the Board of Directors met via telephone on September 6, 2019 to solicit input from the Board on the performance of the General Manager and CEO and General Counsel and CLO and to conduct their annual performance reviews. Officers present were Barbara Quiñones, Homestead, Chair, Lynne Tejeda, Key West, Vice Chair, Larry Mattern, Secretary and Howard McKinnon, Chairman of the Executive Committee. Allen Putnam, Jacksonville Beach, Treasurer was not present for the call. Others present via telephone were John Tompeck, Fort Pierce and Joe Bunch, New Smyrna Beach. Staff present were Jacob Williams, General Manager and CEO, Jody Finklea, General Counsel and CLO, Sharon Adams, Human Resources Director and Sue Utley, Executive Asst. to the General Manager and CEO and Assistant Secretary to the Board.

The purpose of the meeting was to give the Board an opportunity to provide input to the Board Officers on the General Manager and CEO and General Counsel and CLO's past year's performance and to consider compensation or benefit adjustments for both the General Manager and CEO and General Counsel and CLO. The process included an opportunity for Board members to send in written input for the Officers to consider. Written comments were submitted by Allen Putnam, Jacksonville Beach, Treasurer, Brad Chase, Leesburg, Joe Bunch, New Smyrna Beach and James Braddock, Wauchula (see attached). This telephonic meeting also provided an opportunity for verbal comments from the Board members. John Tompeck, Fort Pierce, provided positive comments on both the General Manager and CEO's performance and the General Counsel and CLO's performance this past year.

The Board Officers and Members on the phone commented on the past year's performance of the General Manager and CEO and General Counsel and CLO.

The Board Officers reviewed the salary survey information for joint action agencies, and there was consensus to move the base salaries of the General Manager and General Counsel up to the average for similar sized agencies (\$400 million + annual budget, and 50 employees or more), over a two-year period, beginning with the increases discussed for this year's review.

Summary salary data for the General Manager and CEO and General Counsel and CLO is also attached.

Recommendations in Salaries and/or Benefits for the General Manager and CEO

The Board Officers and Executive Committee Chairman recommend to the Board of Directors the following:

- There was consensus by the Board Officers that Jacob Williams has done an outstanding job this past year. His many accomplishments on achieving great results on the Strategic Goals for this past year were highlighted.

Recommended Motion: Move approval of the Board Officers recommendation for the General Manager and CEO of a fourteen (14%) increase to the base salary of the General Manager and CEO and authorize the Chairman to execute amendments to the employment agreements for the compensation changes approved by the Board. This percentage is the average of the Board Officers recommendations for the merit increase.

Recommendations in Salaries and/or Benefits for the General Counsel and CLO

The Board Officers and Executive Committee Chairman recommend to the Board of Directors the following:

- There was consensus by the Board Officers that Jody Finklea has done an outstanding job this past year. His many accomplishments on achieving great results on the Strategic Goals for this past year were highlighted.

Recommended Motion: Move approval of the recommendation from the Board Officers and Executive Committee Chairman for the General Counsel and CLO of a nine percent (9%) increase to the base salary of the General Counsel and CLO and authorize the Chairman to execute amendments to the employment agreements for the compensation changes approved by the Board. This percentage is the average of the Board Officers recommendations for the merit increase.

BQ/LT/LM/HM/su

**FMPA GENERAL MANAGER AND CEO's
EVALUATION INPUT FORM**

1) What comments do you have on the General Manager's performance during the past year?

Jacob has done an excellent job of leading the organization to meet the goals that we set for the organization. Namely, with the assistance of a great team maintaining the reliability of our base load units, staff resource training and cross-training among our fleet employees, better engagement with member cities, developing services to better serve members and the sale of excess capacity.

2) Do you have any observations that you feel should be discussed during the General Manager's upcoming evaluation?

We must ensure that we provide the resources necessary as we continue to move the organization forward to serve our cities. This new reality will require current employees to develop new skills and will require new employees who can provide the skills necessary for the success of the organization. As we have recently experienced, the environment that we find ourselves in will require us to find new and better ways to add value to our cities to ensure that we remain a viable business model.

I noticed that a salary study is included with the agenda. In my opinion, any adjustments in the pay ranges for this position and the GC position and any adjustments made to base pay in response to such a study should be discussed during the budget process and before the entire Board and EC before consideration.

3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Manager's salary and benefits?

Based on his performance this past year I recommend a 6% increase in base pay.



Member System

Allen Putnam

Name

9-6-2019

Date

Director

Position

**FMPA GENERAL COUNSEL'S
EVALUATION INPUT FORM**

1) What comments do you have on the General Counsel's performance during the past year?

Jody has done an outstanding job representing the organization and its member cities in the past year. Jody always demonstrates passion and an understanding of member needs as he represents the organization. He and his team has served my City as well. It was their diligent and time consuming work that led to a new Interconnection Agreement with JEA that saved my City approximately \$400,000 per year and the organization approximately \$200,000 annually.

Lastly, Jody's oral argument in front of the Florida Supreme Court in opposition to the Electric Deregulation Ballot Initiative was exceptional. It is my opinion that our legal team is among the best of any Joint Action Agency.

2) Do you have any observations that you feel should be discussed during the General Manager's upcoming evaluation?

I would not that Jody and his staff always seem to be in the process of recruiting a new employee to replace a departing employee. We must ensure that our legal team has the resources to continue to represent our organization successfully.

I noticed that a salary study is included with the agenda. In my opinion, any adjustments in the pay ranges for this position and the GM position and any adjustments made to base pay in response to such a study should be discussed during the budget process and before the entire Board and EC before consideration.

3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Counsel's salary and benefits?

Based on his performance this past year I recommend a 6% increase in base pay.



Member System

9-6-2019

Date

Allen Putnam

Name

Director

Position

**FMPA GENERAL MANAGER AND CEO's
EVALUATION INPUT FORM**

- 1) What comments do you have on the General Manager's performance during the past year?

With only one month into my position at the City of Leesburg, I don't have enough experience to fairly comment.

My previous interactions with Jacob have always been professional and respectful.

- 2) Do you have any observations that you feel should be discussed during the General Manager's upcoming evaluation? _____

Jacob's discussion on the potential sale of JEA was very helpful to understand the difference between the facts and myths being publicized. The discussion not only provided me talking points to take back to our own employees but provided some insights as to how we can communicate the benefit of municipal electric utilities have to the City's they serve.

- 3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Manager's salary and benefits?

No input.

City of Leesburg
Member System

Brad Chase
Name



September 6, 2019
Date

Director – Electric Department
Position

**FMPA GENERAL COUNSEL'S
EVALUATION INPUT FORM**

- 1) What comments do you have on the General Counsel's performance during the past year?

Jody is always well read on the issues that FMPA / ARP members face and does well in communicating them through the various committees.

- 2) Do you have any observations that you feel should be discussed during the General Counsel's upcoming evaluation? _____

Jody Finklea very effectively represented the Florida municipal community during the recent oral arguments concerning deregulation. His understanding of the issues and ability to articulate them was outstanding.

- 3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Counsel's salary and benefits?

Consistent with the others within FMPA's management team.

City of Leesburg
Member System

Brad Chase
Name



September 6, 2019
Date

Director – Electric Department
Position

**FMPA GENERAL MANAGER AND CEO's
EVALUATION INPUT FORM**

- What comments do you have on the General Manager's performance during the past year? **Jacob has provided strategic leadership to the FMPA, and has made significant improvements, to include the following areas:**
 - a. Developing organizational goals that support the Vision and member interests;
 - b. Providing talented resources to support Members' needs in areas like engineering, reliability analysis, NERC and cyber security compliance;
 - c. Addressing improvement opportunities for FMPA work culture and employee engagement. He also visits Member locations;
 - d. Advancing solar projects that positively benefit the FMPA Members supply cost, and add to the states renewal energy portfolio in a meaningful way;
 - e. And providing valuable presentations to Commissions on topics like electric de-regulation and value of the municipal utility to member Cities.

- Do you have any observations that you feel should be discussed during the General Manager's upcoming evaluation? _____

- Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Manager's salary and benefits?

New Smyrna Beach

Member System

Joseph G. Bunch

Name

9/6/19

Date

GM-CEO

Position

**FMPA GENERAL COUNSEL'S
EVALUATION INPUT FORM**

- 1) What comments do you have on the General Counsel's performance during the past year? Jody has provided professional, timely and quality counsel provided to the Board in meetings, as well as in-person visits to Member locations. Jody provided a great opposition testimony/presentation to the Florida Supreme Court on Electric De-regulation in Florida. He also coordinated with IOUs and Coops for presenting opposition testimony and represented FMPA Member interests very effectively. Jody also kept the Board and Members abreast of legal issues associated with Deregulation throughout the process.
- 2) Do you have any observations that you feel should be discussed during the General Counsel's upcoming evaluation? _____
- 3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Counsel's salary and benefits?

New Smyrna Beach
Member System

Joseph G. Bunch
Name

09/06/19
Date

GM-CEO
Position

**FMPA GENERAL MANAGER AND CEO's
EVALUATION INPUT FORM**

1) What comments do you have on the General Manager's performance during the past year?

Jacob continues to position FMPA to provide benefits included in FMPA's mission statement.

As a Non-ARP member, I have come to appreciate the "*access to resources*" and the benefits of "*strength in numbers*" FMPA provides in fulfilling the mission statement

2) Do you have any observations that you feel should be discussed during the General Manager's upcoming evaluation? _____

Jacob's evaluation should reflect and encourage Jacob to continue on the path of making FMPA one of the leading Joint Action Agencies in the country located in the energy critical state of Florida.

3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Manager's salary and benefits?

5% increase in salary

City of Wauchula

Member System

James A. Braddock

Name

08/29/2019

Date

Alternate Board Member

Position

**FMPA GENERAL COUNSEL'S
EVALUATION INPUT FORM**

1) What comments do you have on the General Counsel's performance during the past year?

Jody's ability to review and represent FMPA's legal challenges in the past year have been successfully accomplished.

Jody's passion to serve FMPA's legal defense needs has been significantly and sufficiently demonstrated

2) Do you have any observations that you feel should be discussed during the General Counsel's upcoming evaluation? _____

It should be noted Jody's challenges to defend FMPA's legal challenges in the next year will continue to be significant.

As FMPA's legal counsel we should make sure Jody has the resources needed to continue to successfully provide legal defense.

3) Do you have any input that you feel should be taken into consideration in determining recommendations to be made to the full FMPA Board of Directors on any changes to the General Counsel's salary and benefits?

5% increase in salary

City of Wauchula

Member System

James A. Braddock

Name

08/29/2019

Date

Alternate Board of Director

Position

MEMORANDUM

TO: Board of Directors
FROM: Sharon Adams
DATE: September 6, 2019
SUBJECT: Salary Survey Information for CEO/GM and CLO

Introduction In preparation for the discussion of the 2019 Performance Evaluations of the General Manager & Chief Executive Officer and General Counsel and Chief Legal Officer, please find attached salary survey information. This is the most relevant salary information specifically for FMIPA. This information was collected from the 2019 Joint Action Agencies and Generation & Transmission Cooperatives Executive Compensation Survey. The survey data is effective as of March 1, 2019. The survey is conducted by Hometown Connections, Inc., and it provides salary information specifically on JAA's from around the country. Twenty-four Joint Action Agencies participated in this survey. The information is also broken down by revenue and employment size.

I have attached the following:

- Summary Data for CEO and CLO
- Individual Salary Data for positions

Below is the GM/CEO and GC/CLO's current annual salary. To date they are not receiving any additional benefits outside of what is offered to other FMIPA staff.

Jacob Annual Salary		\$385,687.00
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Jody Annual Salary		\$247,950.00
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Position	Mean Average	25th Percentile	50th Percentile	75th Percentile
CEO (\$400 M +)	\$486,313	\$412,291	\$466,750	\$574,250
CEO (50+ employees)	\$453,282	\$356,150	\$450,000	\$539,500
General Counsel (\$400 M +)	\$285,645	\$245,789	\$257,241	\$271,543
General Counsel (50 + employees)	\$286,108	\$245,068	\$257,241	\$292,811

01 CEO / General Manager

Base Salary	Num Orgs	Num Employees				
			Mean / Average	25th Percentile	50th Percentile	75th Percentile

ALL ORGANIZATIONS

Incumbent Weighted	24	24	\$371,234	\$282,829	\$344,452	\$437,250
Hourly Equivalent			\$178.48	\$135.98	\$165.60	\$210.22
Coefficient of Variation	33.4%					

REVENUE

Under \$400 Million	18	18	\$332,874	\$262,954	\$328,409	\$350,107
\$400 Million +	6	6	\$486,313	\$412,291	\$466,750	\$574,250

EMPLOYMENT SIZE (FTE)

< 50	13	13	\$301,808	\$235,600	\$320,000	\$340,127
50 +	11	11	\$453,282	\$356,150	\$450,000	\$539,500

TOTAL CASH COMPENSATION

	Num Orgs	Percent of Incumbents	Mean / Average	25th Percentile	50th Percentile	75th Percentile
ALL ORGANIZATIONS						
Incumbent Weighted	10	41.7%				
Bonus as % of Base			14.3%	5.3%	10.9%	20.6%
Average Bonus			\$60,605	\$12,488	\$27,608	\$81,350
Average Total Compensation			\$400,265	\$268,362	\$329,671	\$500,100
Hourly Equivalent			\$192.44	\$129.02	\$158.50	\$240.43

COMPANY CAR / CAR ALLOWANCE

	Num Orgs	Percent of Orgs	Mean / Average	25th Percentile	50th Percentile	75th Percentile
ALL ORGANIZATIONS						
Company car provided for personal use	10	41.7%				
Car Allowance provided	13	54.2%	\$10,381	\$7,200	\$10,000	\$13,200

08 General Counsel

Base Salary	Num Orgs	Num Employees				
			Mean / Average	25th Percentile	50th Percentile	75th Percentile

ALL ORGANIZATIONS

Incumbent Weighted	10	11	\$270,212	\$234,729	\$247,950	\$269,873
Hourly Equivalent			\$129.91	\$112.85	\$119.21	\$129.75
Coefficient of Variation	24.7%					

Organization Weighted	10	11	\$270,212	\$229,560	\$251,017	\$271,543
Hourly Equivalent			\$129.91	\$110.37	\$120.68	\$130.55

REVENUE

Under \$400 Million	5	5	\$251,693	\$223,392	\$224,390	\$254,084
\$400 Million +	5	6	\$285,645	\$245,789	\$257,241	\$271,543

EMPLOYMENT SIZE (FTE)

50 +	7	8	\$286,108	\$245,068	\$257,241	\$292,811
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TOTAL CASH COMPENSATION

	Num Orgs	Percent of Incumbents	Mean / Average	25th Percentile	50th Percentile	75th Percentile
ALL ORGANIZATIONS						
Incumbent Weighted	6	54.5%				
Bonus as % of Base			8.5%	3.3%	7.7%	9.4%
Average Bonus			\$27,890	\$9,104	\$19,050	\$23,100
Average Total Compensation			\$317,366	\$268,168	\$268,626	\$336,325
Hourly Equivalent			\$152.58	\$128.93	\$129.15	\$161.69

COMPANY CAR / CAR ALLOWANCE

	Num Orgs	Percent of Orgs	Mean / Average	25th Percentile	50th Percentile	75th Percentile
ALL ORGANIZATIONS						
Company car provided for personal use	0	0.0%				
Car Allowance provided	2	20.0%				

**AGENDA ITEM 9 – INFORMATION
ITEMS**

- a. Review of the Finance Municipal
Disclosure Policy Changes**

**Board of Directors Meeting
September 19, 2019**



BOD 9a –Review of Municipal Finance Disclosure Procedure Changes

Board of Directors

September 19, 2019

Municipal Finance Disclosure Procedures

Background

- FMPA is committed to ensuring that disclosures made in connection with our debt transactions and required filings are fair, accurate, and in compliance with applicable federal and state securities laws
- These procedures were designed to ensure compliance with section 4.11 of the Debt Risk Management Policy
- No changes to the Debt Policy, just the underlying disclosure procedures
- The Finance Committee (replaces the Audit Risk Oversight Committee) plays a major part in implementation and management of these procedures as part of their general oversight responsibilities

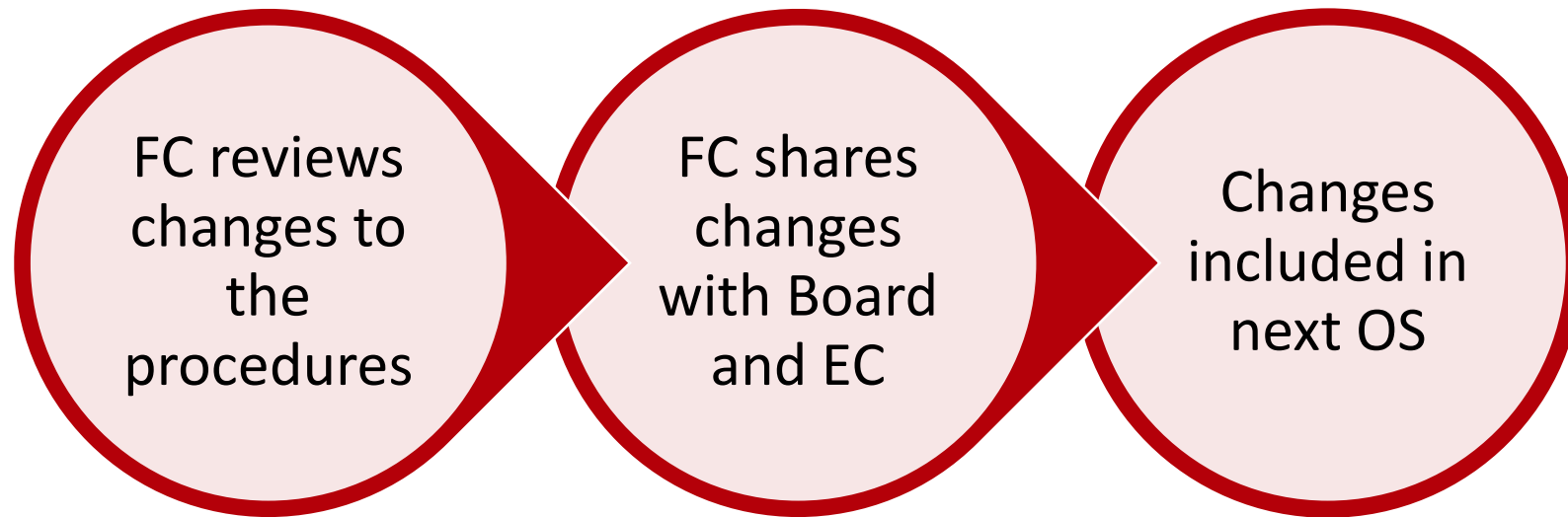
Recommended Changes

Summarized

- Updates to the procedures to reflect the two new reporting events that were added to Rule 15c2-12 back in February:
 1. Incurrence of a financial obligation of FMPA **or a Major Participant**, if material or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material
 2. Default, event of acceleration, termination event, modification of terms, or other similar events under terms of a financial obligation of FMPA **or a Major Participant**, any of which reflect financial difficulties
- Note: These new events include events for Major Participants
- Other administrative changes for names and titles changes

After Today

Next Steps in the Process



Recommended Motion

- Information Only. No further action

FLORIDA MUNICIPAL POWER AGENCY

Municipal Finance Disclosure Procedures

Introduction

The Florida Municipal Power Agency (“FMPA” or the “Agency”) is committed to ensuring that disclosures made in connection with its municipal finance offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws including common law antifraud provisions under state law and all other applicable laws. Further, it is the policy of FMPA to satisfy in a timely manner its contractual obligations undertaken pursuant to continuing disclosure agreements entered into in connection with municipal finance offerings. In furtherance of these objectives and policies, and to promote best practices relating to disclosures, the Board of FMPA and Executive Committee of FMPA’s All-Requirements Power Supply Project have adopted the Municipal Finance Disclosure Procedures set forth below (the “Disclosure Procedures”) to achieve the objectives established by the Disclosure Policy as set forth in Section 4.11 of the Debt Risk Management Policy. While the Board and Executive Committee have adopted these Disclosure Procedures, it is recognized that the Finance Committee (“FC”) will play a part in the implementation and management of the Disclosure Policy and these Disclosure Procedures as part of its general oversight responsibilities.

The failure to comply with the Disclosure Procedures shall not affect the authorization or the validity or enforceability of any Bonds that are issued by the Agency in accordance with applicable law nor imply a failure to comply with disclosure requirements of the federal or state securities laws.

Definitions

Capitalized terms used in these Disclosure Procedures have the meanings set forth below:

“All-Requirements Project” means the All-Requirements Power Supply Project, under which FMPA provides to each of the participating Members in the project their individual “All-Requirements Service,” as defined in the All-Requirements Project Contract.

“All Requirements Project Contract” means the All-Requirements Power Supply Project Contract entered into between FMPA and each of the All-Requirements Project participating members of FMPA, as amended.

“All-Requirements Major Participants” means those participants in the All-Requirements Project each of which provided to FMPA at least 10.0% of the revenues from the All-Requirements Project for the applicable fiscal year.

“Annual Agency Financial Information” means the information required to be delivered under and as defined in the Continuing Disclosure Agreements, a sample of which is attached hereto as Appendix A.

“Annual Major Participant Financial Information” means the information required to be delivered under and as defined in the Continuing Disclosure Agreements, a sample of which is attached hereto as Appendix A.

“Annual Disclosure Filing” means the Annual Agency Financial Information and Annual Major Participant Financial Information.

“Authorized Officers” means, means, unless otherwise provided in a supplemental resolution for a particular series of Bonds, with respect to the All-Requirements Project, the Chairperson of the Executive Committee and the Vice Chairperson of the Executive Committee and the Secretary, Treasurer, General Manager and CEO, any Assistant Secretary and the Assistant General Manager, Finance and Information Technology and CFO of FMPA, and (B) with respect to the Stanton Project, Stanton II Project, St. Lucie Project and the Tri-City Project, Chairperson of the Board and the Vice Chairperson of the Board and the Secretary, Treasurer, General Manager and CEO, any Assistant Secretary and the Assistant General Manager, Finance and Information Technology and CFO of FMPA.

“Authorized Signatories” means, unless otherwise provided in a supplemental resolution for a particular series of bonds, (A) with respect to the All-Requirements Project (i) the Chairperson of the Executive Committee or the Vice Chairperson of the Executive Committee and (ii) the General Manager and CEO of FMPA or the Assistant General Manager, and CFO of FMPA and (B) with respect to the Stanton Project, Stanton II Project, St. Lucie Project and the Tri-City Project, (i) the Chairperson of the Board or the Vice Chairperson of the Board and (ii) the General Manager and CEO of FMPA or the Assistant General Manager, Finance and Information Technology and CFO of FMPA.

“Board” shall mean the Board of Directors of FMPA.

“Bond Counsel” shall mean any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities and federal securities laws selected by the Agency.

“Bonds” or “bonds” shall refer to any bonds, notes or other securities offered by FMPA, the disclosure relating to which is subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Securities Exchange Commission Rule 15c2-12.

“Chief Financial Officer” means the CFO of FMPA or, if such title changes, the Staff person designated as FMPA’s Chief Financial Officer or who has lead responsibility for the financials affairs of the Agency in support of the General Manager of the Agency.

“Continuing Disclosure Agreements” means FMPA’s contractual obligations to provide updates on an annual basis to certain financial and operating data with respect to itself and the Major Participants and to provide certain Event Notices in accordance with Rule 15c2-12.

“Co-owner” means each co-owner of the Stanton Project, Stanton II Project, St. Lucie Project and Tri-City Project.

“Debt Financing Team” means a team consisting of the consisting of the following members:

- Chief Financial Officer, who shall serve as the Chairperson of the Debt Financing Team;
- Treasurer and Risk Director;
- FMPA General Counsel;
- System Planning Manager (as necessary);
- FMPA’s financial advisor;
- FMPA’s swap advisor (as necessary);
- Bond Counsel (as necessary);
- Disclosure Counsel (if separate from Bond Counsel) (as necessary); and
- Other legal counsel (as necessary)
- Other (as necessary)

“Debt Risk Management Policy” means the Debt Risk Management Policy and any effective subordinate procedures establishing the governance, framework and the controls under which FMPA may engage in activities to identify, measure and minimize future business risk resulting from the issuance and management of all FMPA debt financing.

“Director” means each of the Agency’s member-appointed directors serving on the Board or the Executive Committee, as appropriate.

“Disclosure Counsel” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to the federal securities laws selected by the Agency. If a separate Disclosure Counsel is not engaged by FMPA, Bond Counsel will assume all the duties, responsibilities and obligations that otherwise would be provided by a separate Disclosure Counsel.

“Disclosure Documents” means FMPA’s documents and materials specifically prepared, issued, and distributed in connection with FMPA’s disclosure obligations under applicable federal securities laws or that otherwise could potentially subject FMPA, its Directors and its Staff to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Filing,
- Official Statements,
- Any filing made by FMPA with EMMA pursuant to a Continuing Disclosure Agreement, including material event notices,
- Any voluntary filing made by FMPA that is posted on EMMA,
- Any other document that is reviewed and approved in accordance with these Disclosure Procedures, and

- Any document or other communication from FMPA that could be viewed as reasonably expected to reach, in the normal course of its business, investors and the trading market for FMPA's Bonds.

"Disclosure Policy" means the policy set forth in Section 4.11 of the Debt Risk Management Policy establishing FMPA's intent to comply fully with applicable securities law regarding disclosure in connection with the issuance of Bonds and with the terms of its Continuing Disclosure Agreements.

"Disclosure Working Group" means the officers or employees of FMPA charged with exercising certain responsibilities in connection with the preparation or checking of the disclosures made by FMPA in its Disclosure Documents. Initially, such group shall consist of the Treasurer, Assistant Treasurer, Debt, FMPA Assistant General Counsel, Counsel, Manager of Risk Management and Audit Manager.

"EMMA" means the Electronic Municipal Market Access system maintained by the MSRB or such other repository as may be designated by the Securities and Exchange Commission or the MSRB.

"Event Notice" means a notice relating to those events which FMPA is required to monitor and to provide notice to the MSRB in accordance with the Continuing Disclosure Agreements.

"Executive Committee" means the governing body of the All-Requirements Power Supply Project.

"FC" means the Agency's Finance Committee, or any successor committee or body designated by the Agency to fulfill the role provided for in these Disclosure Procedures

"Final Official Statements" means a document prepared by or on behalf of the issuer of municipal securities in connection with a primary offering that discloses material information on the offering of such securities. Final Official Statements typically include information regarding the purposes of the issue, how the securities will be repaid, and the financial and economic characteristics of the issuer, conduit borrower or other obligated person with respect to the offered securities. Investors and market intermediaries may use this information to evaluate the credit quality of the securities and potential risks of the primary offering and the prices and redemption provisions for such securities.

"Finance Staff" means the CFO, Treasurer and Risk Director and the Assistant Treasurer, Debt.

"FMPA" means the Florida Municipal Power Agency.

"FMPA Assistant General Counsel" means the Assistant General Counsel and Manager of Legal Affairs of FMPA or, if such title changes, the senior most attorney working under the direction of the FMPA General Counsel or the FMPA General Counsel.

“FMPA General Counsel” means the General Counsel and Chief Legal Officer of FMPA, as appointed by the Board of Directors.

“Material Supplier” means any major fuel or commodity supplier, power purchase contract counterparty or generation or transmission facility operator. As of the date hereof, FMPA’s Material Suppliers are Florida Power & Light Company, Orlando Utilities Commission, Southern Power Company, Florida Gas Utilities, Kissimmee Utility Authority, Fort Pierce Utilities Authority and Keys Energy Services.

“Major Participants” means the All-Requirements Major Participants, the Stanton Major Participants, the Stanton II Major Participants, the St. Lucie Major Participants and the Tri-City Major Participants.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statements” means, collectively, Preliminary and Final Official Statements, remarketing circulars or offering memoranda used in connection with the offering of Bonds. Official Statements may include such information by specific cross-reference, as expressly authorized by Rule 15c2-12.

“Preliminary Official Statement” means the version of the official statement prepared by or for an issuer of municipal securities for potential customers, as the same may be supplemented or amended, prior to the availability of the Final Official Statement that is “deemed final” for purposes of Rule 15c2-12. Rule 15c2-12(b)(1) requires an underwriter obtain and review a Preliminary Official Statement that the issuer deems to be “final” except for the omission of no more than the following information: “the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in a competitive bid, ratings, other terms of the securities depending on such matters” (such as optional redemption call dates and prices and, in some cases, the determination of whether bonds will be secured by a bond insurance policy or other credit facility), “and the identity of the underwriter(s). In the event that such a preliminary official statement is not prepared for an offering of municipal securities and a Final Official Statement is prepared for such offering of municipal securities, references in these Disclosure Procedures to a Preliminary Official Statement will mean the Final Official Statement.

“Projects” means the All-Requirements Project, the Stanton Project, the Stanton II Project, the St. Lucie Project and the Tri-City Project.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof.

“Staff” means employees of FMPA.

“Stanton Project” means FMPA’s 14.8193% undivided ownership interest in the Stanton Energy Center Unit No. 1.

“Stanton Major Participants” means those participants in the Stanton Project each of which provided to FMPA at least 10.0% of the revenues from the Stanton Project for applicable fiscal year.

“Stanton II Project” means FMPA’s 23.2367% undivided ownership interest in the Stanton Energy Center Unit No. 2.

“Stanton II Major Participants” means those participants in the Stanton II Project each of which provided to FMPA at least 10.0% of the revenues from the Stanton II Project for applicable fiscal year.

“St. Lucie Project” means FMPA’s 8.806% undivided ownership interest St. Lucie Unit No. 2.

“St. Lucie Major Participants” means those participants in the St. Lucie Project each of which provided to FMPA at least 10.0% of the revenues from the St. Lucie Project for applicable fiscal year.

“Subject Matter Expert” has the meaning set forth in Section II.1.c.

“Tri-City Project” means FMPA’s 5.3012% undivided ownership interest in Stanton Unit No. 1.

“Tri-City Major Participants” means those participants in the Tri-City Project each of which provided to FMPA at least 10.0% of the revenues from the Tri-City Project for applicable fiscal year.

I. General and On-Going Disclosure Practices

1. The Board or the Executive Committee, as applicable, through approval of the documentation relating to individual financings, remarketing and refinancings and the review of the related agenda items and resolutions, delegates authority and responsibility with respect to individual financings, remarketing and refinancings to Authorized Officers and Authorized Signatories to prepare and distribute a Preliminary Official Statement and Final Official Statement, Annual Disclosure Filings and Event Notices and updates thereto in the case of securities subject to remarketing. All documentation relating to said financings will be prepared in accordance with these Disclosure Procedures and any Disclosure Document shall comply with any requirements contained in these Disclosure Procedures.

2. The Chief Financial Officer has overall responsibility for compliance with the Disclosure Procedures and for all Disclosure Documents and must give his or her written approval before their use. Correspondingly, all Disclosure Documents must be reviewed and approved in writing for use by the FMPA General Counsel or his or her designee. Any such approval may be evidenced by e-mail or other electronic communication. Either may seek the advice of outside counsel, acting in the capacity of FMPA’s Disclosure Counsel.

3. The Finance Staff and members of the FMPA General Counsel’s office with financial disclosure responsibilities, in consultation with FMPA’s Disclosure Counsel, shall

continually evaluate the adequacy of FMPA's financial disclosures and bring any recommendations for changes to the Chief Financial Officer and to FMPA General Counsel for discussion and resolution in accordance with Article VII hereof.

4. At least annually, the Debt Financing Team shall formally review FMPA's Disclosure Procedures and compliance therewith. A written report of this review will be presented to the FC at their next regularly scheduled meeting and the FC shall provide a report together with any recommendations to the General Manager. The General Manager shall provide a report to the Board and to the Executive Committee.

5. All unresolved differences of opinion between any Staff on any matters related to any of these procedures shall be decided by the General Manager.

II. Preliminary Official Statement and Final Official Statement Review and Disclosure Procedures Generally; Notice of Disclosure Obligations to Major Participants

1. The Chief Financial Officer, with the assistance of the Disclosure Working Group, shall timely identify those Staff who, for a particular financing, are appropriate to assist the Finance Staff in the preparation and review of the Preliminary Official Statement and Final Official Statement for each proposed financing. Bond Counsel, Disclosure Counsel, other legal counsel (as needed), underwriter(s), underwriter's counsel, financial advisors, Major Participants, Participants, Co-owners, Material Suppliers and any other individuals determined by the Disclosure Working Group to be necessary will also be called upon to assist in the preparation and review of the related Preliminary Official Statement and Final Official Statement. Any and all individuals outside the Debt Finance Team will be timely contacted in writing by a member of the Finance Staff and informed that their assistance will be needed for the preparation of the Preliminary Official Statement and Final Official Statement.

- a. The Staff, Major Participants, Participants, Co-owners and Material Suppliers shall be contacted as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or to provide information to be used by the Disclosure Working Group to prepare or to draft those portions of the Preliminary Official Statement assigned to them and to allow the Disclosure Working Group to review the revised portions of the Preliminary Official Statement as needed.
- b. The written request for information shall provide that Staff must raise any item which could be material for inclusion in the Preliminary Official Statement and Final Official Statement, as applicable. The written request for information shall include, but not be limited to, the description of any item or event of which the Disclosure Working Group is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.
- c. The Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, Co-owners and Major Participants (each a "Subject Matter Expert") that were requested to review or draft information in connection with Preliminary Official Statement and Final Official Statement, including what sections

- such individuals or entities listed above prepared, provided information to the Disclosure Working Group, drafted or reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation of such information into the records to be maintained by the Treasurer. Each Subject Matter Expert shall have confirmed in writing (which may be by email) to the Treasurer as of a date that is no more than two Business Days prior to the release of the Preliminary Official Statement and Final Official Statement, as applicable, that he or she has reviewed the sections of the Preliminary Official Statement and Final Official Statement, as applicable, for which he or she is responsible and that to his or her knowledge the sections are accurate and complete.
- d. The external Agency auditors should be apprised by the Treasurer or the Assistant Treasurer of the Agency's schedule for publishing such Preliminary Official Statements and Final Official Statements and shall be responsible for ensuring that the auditors have time to conduct any required review and sign-off on the drafts prior to their release for printing.
2. The members of the Disclosure Working Group shall review the Preliminary Official Statement drafts and the process by which the Preliminary Official Statement was developed to determine (and shall report to the Chief Financial Officer and FMPA General Counsel as to) whether, based on information known or reported to them, (a) the Disclosure Procedures were followed, (b) the material facts in the Preliminary Official Statement appear to be consistent with those known to the members of the Disclosure Working Group, and (c) the Preliminary Official Statement omits any material fact that is necessary to be included to prevent the Official Statement from being misleading to investors. The Chief Financial Officer and FMPA General Counsel shall take such action as may be necessary, based on feedback from the Disclosure Working Group, to enable the Disclosure Working Group to conclude that this Disclosure Procedures were followed and that the Preliminary Official Statement or the Final Official Statement, as applicable, is accurate and complete in all material respects.
 3. At least one Business Day prior to the release of either the Preliminary Official Statement or the Final Official Statement, the Finance Staff shall provide a copy of the Preliminary Official Statement or the Final Official Statement, as applicable, to each of the Chief Financial Officer and FMPA General Counsel for their review and written sign-off. In addition, the Treasurer or the Assistant Treasurer shall send a copy of a substantially final copy of the Preliminary Official Statement and Final Official Statement to FMPA's external auditors, if required, in a timely manner for their review and comment and official sign-off.
 4. The FMPA General Counsel and Chief Financial Officer, with assistance from the FMPA Assistant General Counsel, Bond Counsel and Disclosure Counsel shall hold due diligence sessions with the appropriate Staff and, if necessary, Major Participants, Participants, Co-owners and Material Suppliers, prior to the printing or posting of a preliminary Official Statement. The Underwriter and/or the Underwriter(s)' Counsel may also require a due diligence session. FMPA's session may if desired, be held coincidentally with the due diligence session of the Underwriter and/or Underwriter's Counsel.

5. Disclosure Counsel and/or underwriter's counsel shall provide written discussion topics or questions in the form of an agenda in advance of the due diligence session(s), to the extent practical, to permit all required Staff and, if necessary, the Major Participants, and, if necessary, Major Participants, Participants, Co-owners and Material Suppliers, as well as underwriters and their counsel, to prepare for the due diligence session(s) and to consider additional matters they deem material to the offering. The due diligence session(s) shall not be limited to the list of written topics or questions or other questions solely from Disclosure Counsel. Bond Counsel, FMPA's financial advisor, and, in the case of a negotiated transaction, the underwriters and underwriters' counsel shall participate in such due diligence session(s). Such due diligence session shall be held prior to the release of the Preliminary Official Statement so that the Disclosure Working Group and the Debt Financing Team are comfortable that such Preliminary Official Statement is in satisfactory form and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and may be deemed final for purposes of Rule 15c2-12.

6. At the time of the sale of the Bonds a Final Official Statement shall be prepared and reviewed by the Chief Financial Officer, and the FMPA General Counsel, and any others in their opinions as may be required or considered prudent, to satisfy themselves that at the time of sale that such Official Statement is in satisfactory form and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and has been prepared in compliance with the Disclosure Procedures.

7. Before the printing of any Official Statement the Chief Financial Officer and the FMPA General Counsel shall receive from individuals, as they deem necessary, written confirmations, by e-mail or otherwise, that such individuals know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against FMPA since the due diligence session(s) and know of no material change in financial or operating information that is required to be reflected in the Disclosure Document.

8. Bond Counsel and/or Disclosure Counsel may be invited to attend and/or participate in any FMPA presentations to rating agencies and investors. The Disclosure Working Group, Debt Financing Team and any others deemed necessary by the Chief Financial Officer and the FMPA General Counsel shall review the materials used in presentations, meetings and telephone conferences with rating agencies or investors for consistency with the appropriate Official Statement or appropriate current disclosure documentation. Appropriate written records of meetings and telephone conferences with rating agencies and investors will be kept by FMPA Assistant General Counsel or Finance Staff.

9. Promptly after the issuance of a series of Bonds subject to the requirements of Rule 15c2-12 and for which a Continuing Disclosure Agreement has been executed by FMPA, the Treasurer shall send notice to each of the Major Participants stating that (a) such participant has been determined to be a Major Participant with respect to one or more series of FMPA's Bonds; (b) FMPA has undertaken to provide certain annual operating and financial information with respect to such Major Participant not later than nine months after the end of FMPA's fiscal year; and (c) FMPA has also undertaken to provide notice of certain reportable events under Rule

15c2-12 with respect to such Major Participant and notice of any such event are required to be filed on EMMA within ten Business Days of the occurrence of such event. A form of such notice is attached hereto as Appendix B.

III. The Annual Disclosure Filing (Rule 15c2-12), Additional Disclosure and Website

B. Annual Disclosure Filing

1. The Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer in conjunction with Finance Staff, shall by no later than March 1 of each calendar year (a) compile and maintain (and update after every issuance or unscheduled payment of principal or defeasance of Bonds) a list of all financial information and operating data for the Major Participants required to be filed with the MSRB pursuant to each of the Continuing Disclosure Agreements; (b) distribute a written request for the Annual Major Participant Financial Information from each Major Participant, including that they notify FMPA if they have learned of any fact that they consider could be material, and a deadline for the submission of such Annual Major Participant Financial Information to the Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer that will afford sufficient time for review by the Assistant Treasurer, Debt and the approvals required by these Disclosure Procedures. Upon receipt of such information, Finance Staff shall review information submitted to ensure that it is complete and to determine, with the assistance of the Chief Financial Officer, FMPA General Counsel, FMPA Assistant General Counsel and/or Disclosure Counsel as applicable, if any narrative is needed to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Major Participants.

2. The Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer in conjunction with Finance Staff, shall by no later than March 1 of each calendar year distribute a written request for the Annual Agency Financial Information from Staff, which written request may include information which may be needed from Co-owners and Material Suppliers and include a reminder that they notify the Chief Financial Officer if they have learned of any fact that they consider could be material, and a deadline for the submission of such Annual Agency Financial Information to the Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer that will afford sufficient time for review by the Assistant Treasurer, Debt and the approvals required by these Disclosure Procedures. Upon receipt of such information, Finance Staff shall review said information to ensure that it is complete and to determine, with the assistance of the Chief Financial Officer, FMPA General Counsel, FMPA Assistant General Counsel and/or Disclosure Counsel as applicable, if any narrative is needed to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Agency.

3. The Annual Disclosure Filing, pursuant to FMPA's Continuing Disclosure Agreements, shall be filed by the Treasurer or Assistant Treasurer by no later than June 30th of each year. The Annual Disclosure Filing shall be filed on EMMA in accordance with FMPA's Continuing Disclosure Agreements under Rule 15c2-12. The Treasurer or Assistant Treasurer shall exercise reasonable care to file the Annual Disclosure Filing in the format and with the

identifying information required by the Continuing Disclosure Agreements, including CUSIP numbers for the applicable Bonds. The Treasurer shall advise the Board and Executive Committee of the date on which the Annual Disclosure Filing was made and whether it was complete or whether additional filings will need to be made for any information that was not available on or before June 30th.

4. If any financial information or operating data of FMPA or any Major Participant is not available by June 30th, a notice of failure to timely file shall be submitted to EMMA on or before June 30th. The financial information or operating data of FMPA shall be filed within ten business days of when such information becomes available and the financial information or operating data of any Major Participant shall be filed by FMPA within ten business days of when FMPA actually receives the information from such Major Participant and has ascertained that it is complete and determined that additional narrative or changes in narrative are not needed to avoid misunderstanding and of assistance to the reader in understanding the presentation and its meaning.

C. Event Notices

1. Identification and Monitoring of Reportable Events for FMPA. (a) The Treasurer shall maintain a list of events of which FMPA is required to monitor and to provide notice to the MSRB pursuant to the Continuing Disclosure Agreements. The Treasurer (with the assistance of members of the Disclosure Working Group for Official Statements) shall (a) identify the Staff of FMPA who are most likely to first obtain knowledge of the occurrence of such events and (b) request in writing that they notify the Treasurer immediately after learning of any such event, regardless of materiality, and repeat such request in a monthly reminder.

(b) If it is not clear if the occurrence of an event constitutes one of the events for which notice is required to be given pursuant to the Continuing Disclosure Agreements, then the Treasurer shall consult with the Chief Financial Officer and FMPA Assistant General Counsel to determine, with the assistance of Disclosure Counsel if needed, whether FMPA is required to file a notice concerning such event.

2. Identification and Monitoring of Reportable Events for Major Participants. (a) The Treasurer shall maintain a list of reportable events for the Major Participants which FMPA is required to monitor and to provide notice to the MSRB pursuant to its Continuing Disclosure Agreements. The Treasurer (with the assistance of members of the Disclosure Working Group for Official Statements) shall (i) identify a person at each Major Participant who shall be responsible for obtaining knowledge of the occurrence of such events and shall not less frequently than monthly confirm in writing to the Treasurer whether any such events have occurred and notify the Treasurer immediately after learning of any such event, regardless of materiality. In the event that the Treasurer does not receive a confirmation from the Major Participant as required, the Treasurer or his designee shall make a request in writing.

(b) If it is not clear if the occurrence of an event constitutes one of the events for which notice is required to be given pursuant to the Continuing Disclosure Agreements, then the Treasurer shall consult with the Chief Financial Officer and FMPA Assistant General Counsel to

determine, with the assistance of Disclosure Counsel, if needed, whether FMPA is required to file a notice concerning such event.

3. **Preparation of Event Notice.** The Chief Financial Officer and FMPA General Counsel shall (a) assess whether notice of any reported event must be given and if a materiality determination needs to be made in order to make this assessment and if a materiality determination needs to be made shall make this determination with the assistance of Disclosure Counsel and (x) if notice of the event must be given, then the Treasurer shall prepare an Event Notice giving notice of the event and forward the draft Event Notice to the Chief Financial Officer, the FMPA General Counsel and Disclosure Counsel for their review or (y) if no notice of the event must be given, then the Treasurer will prepare a brief memo to the file explaining the event and the reason that the event was determined to not be material.

4. The Chief Financial Officer, FMPA General Counsel and Disclosure Counsel shall promptly review and approve or comment on the Event Notice described in paragraph 2(a)(x) above. The Treasurer shall incorporate such comments into the Event Notice to be filed with EMMA. The Disclosure Officers shall not file the Event Notice Statement until it is approved by the Chief Financial Officer and FMPA General Counsel, unless such approval has not been received by the applicable Continuing Disclosure Agreement filing deadline.

5. The Treasurer or Assistant Treasurer, Debt shall file the Event Notice with the MSRB through EMMA by the deadline established by the Continuing Disclosure Agreements or, if the facts cannot be correctly and fairly described by the deadline, then as soon thereafter as possible. The Treasurer or Assistant Treasurer shall exercise reasonable care to file the Event Notice in the format and with the identifying information required by the Continuing Disclosure Agreements, including CUSIP numbers for the applicable Bonds.

6. The Treasurer or Assistant Treasurer, Debt shall maintain a file of the actions taken to report each event, and prepare, check, and approve the notice of the event, including the approvals of the Chief Financial Officer and FMPA General Counsel, if obtained, and include a list of the event notices filed in the annual report to the FC.

D. Additional Disclosures and Website

1. **Additional Disclosures.** (a) During the course of the year, and during periods when no bonds are being issued, it still is necessary to determine if there are any events which may warrant making a voluntary disclosure statement to investors.

(b) The Disclosure Working Group, with advice from Disclosure Counsel, shall periodically determine whether changes in financial results of operation or condition from the prior year, or any event or fact reported pursuant to Section III.B.1(b) above for which it was determined that it was not an event for which notice was required to be given, would, if disclosed on EMMA, materially change the total mix of information about FMPA that is available to investors on EMMA. If it would, a voluntary disclosure statement disclosing such results, event, or fact shall be prepared and reviewed by Disclosure Counsel. Such voluntary disclosure statement shall be forwarded to the Disclosure Working Group, Chief Financial Officer and FMPA General Counsel for review and comment. The voluntary disclosure statement shall be submitted to the Chief Financial Officer and FMPA General Counsel for final approval.

(c) After any such voluntary disclosure statement is approved by the Chief Financial Officer and FMPA General Counsel, the Treasurer or Assistant Treasurer, Debt shall file the voluntary disclosure statement with the MSRB through EMMA. The Treasurer or Assistant Treasurer, Debt shall exercise reasonable care to file the voluntary disclosure statement with identifying information that includes all relevant CUSIP numbers. Such voluntary disclosure statement shall also be posted to the appropriate section of FMPA's website.

2. **Website.** (a) Finance Staff shall review, or cause to be reviewed, the "Investors" section of the FMPA website at least annually to confirm that it is up to date and accurate and shall confirm in writing (which may be by email) to the Chief Financial Officer that such review has been performed. Such review of the "Investors" section should be to ensure that (a) material information that is no longer up to date is removed from the website or moved to a clearly labeled archives page; (b) all material financial and operating data is presented as of a specific date with appropriate disclaimers as to the currency of the data; (c) no material forward-looking statements (projections, forecasts, etc.) are included unless they are based on reasonable assumptions and are accompanied by a description of the substantial risks to achieving the forecasted results; and (d) the material information presented is consistent with the knowledge of such persons and not internally inconsistent.

(b) Visitors to the "Investors" section of the FMPA website shall be required to review and acknowledge a disclaimer prior to accessing any information. The website disclaimer should be reviewed by FMPA Assistant General Counsel at least annually to ensure that it reflects current market standards and practices.

IV. Role of Disclosure Counsel

FMPA will require Disclosure Counsel to perform the following:

- a. review and comment on FMPA's Disclosure Documents,
- b. coordinate the due diligence process in the manner provided above,
- c. review presentations and, if requested, attend and/or participate in rating agency or investor presentations, meetings and telephone conferences related to FMPA's bonds, notes and other securities,
- d. advise FMPA regarding:
 - (1) specific disclosure issues relating to FMPA's financial operations, operating performance, energy supply and future capital needs and capital program development, including funding, progress and problems raised or identified by Finance Staff to Disclosure Counsel or discovered by Disclosure Counsel in the course of performing its duties generally,
 - (2) standards of disclosure under applicable securities laws,
 - (3) adequacy of FMPA's disclosure in any Disclosure Document,

- (4) completeness and clarity of the information provided by the Participants, Co-owners and Material Suppliers in any Disclosure Document, and
 - (5) other matters as directed by FMPA.
- e. interface with the Chief Financial Officer and FMPA General Counsel and others on the Debt Financing Team with respect to any Disclosure Document,
- f. provide a securities law opinion for each financing transaction,
- g. participate in the preparation, review and approval of the Annual Disclosure Filing, Event Notices and voluntary disclosures as requested, and
- h. conduct periodic training of Staff, Board members and Executive Committee members on these Disclosure Procedures as required hereunder or as may be requested from time to time by the General Manager, FMPA General Counsel or Chief Financial Officer.

While Disclosure Counsel will be required to perform certain duties and assist FMPA, FMPA as an issuer of Bonds may not transfer its primary responsibility and potential liability for disclosure to outside counsel or consultants.

V. Disclosure Practices Training

Training for Board members, Executive Committee members, and Staff shall be conducted by Disclosure Counsel. It is intended that this training shall assist these individuals in (1) understanding their responsibilities; (2) identifying significant items which may need to be included in the Disclosure Documents; and (3) reporting issues and concerns relating to disclosure. A refresher training program shall be conducted not less than annually for Staff and any new Board and Executive Committee Members and once every three years for carryover Board and Executive Committee Members; provided that such training may occur more frequently if necessary to address any material changes in law or these Disclosure Procedures.

2. Board Members and Executive Committee Members, including alternates

- a. Board members and Executive Committee members shall be advised of their disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.
- b. Board members and Executive Committee members shall be advised of their fiduciary duties under state law.
- c. Alternate members shall be included as determined by the General Manager in consultation with the FMPA General Counsel.

3. Staff

- a. Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions.
- b. The determination as to whether or not a class of employees shall receive such training shall be made by the FMPA General Counsel and Chief Financial Officer in consultation with Disclosure Counsel and each other.

VI. Disclosure-Related Document Retention Practices

The following documents shall be maintained by Finance Staff for the later of ten years or the period of time required by FMPA's records management or records retention program:

- Annual Continuing Disclosure Filings,
- Bond Issue Bound Books or CD-ROMs containing bond issue documents,
- Bond Issue Executed Documents,
- Disclosure Documents,
- Investor Materials,
- Financial Statements related to bonds,
- Note Issue Bound Books or CD-ROMs containing note issue document,
- Note Issue Executed Documents,
- Rating Agency Presentation Materials,
- Records of all disclosure activities, including but not limited to telephone calls, emails and inquiries from investors and the associated response materials,
- Annual Financial Statements Audited by Outside Auditing Firm and unaudited quarterly financial statements,
- Records of FMPA's compliance with these Disclosure Procedures,
- Information received from Participants, Co-owners and Material Suppliers, and
- Any materials not already identified above prepared and used in satisfaction of FMPA's Continuing Disclosure obligations.

VII. General Principles Relating to Disclosure

1. Each person participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.

2. Each person participating in the disclosure process should raise any issue regarding disclosure with the Chief Financial Officer and the FMPA General Counsel at any time and if not satisfied with actions taken by the Chief Financial Officer and the FMPA General Counsel should raise the issue with FMPA's General Manager.

3. Recommendations for improvement or amendment of these Disclosure Procedures shall be solicited from the Disclosure Working Group and the FC and considered by the Debt Finance Team annually and if revision is deemed to be appropriate will be reviewed by the Chief Financial Officer and FMPA General Counsel in consultation with Disclosure Counsel before submittal to any of the Agency's governing bodies for approval.

4. The process of revising and updating Disclosure Documents should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.

VIII. Amendments and Updates; Miscellaneous

1. **Internal Use Only.** The Disclosure Procedures are intended for the internal use of the FMPA only and is not intended to establish any duties in favor of or rights of any person other than FMPA.

2. **Departure from Procedures.** The officers and employees charged by these Disclosure Procedures with performing or refraining from any action may depart from these Disclosure Procedures when the Chief Financial Officer or the General Manager and the FMPA General Counsel in good faith determine that such departure is in the best interests of FMPA and consistent with the duties of the FMPA under federal and state securities laws. The Board and the Executive Committee will be notified within three (3) business days after any such departure from these Disclosure Procedures.

3. **Periodic Review.** The Disclosure Procedures shall be reviewed annually by the Debt Financing Team. In addition, at any time all officers and employees of FMPA are invited and encouraged to make recommendations for changes to these Disclosure Procedures so that it fosters better compliance with applicable law, results in better information to investors, or makes the procedures required by these Disclosure Procedures more efficient.

4. **Recommendations for Change.** Following receipt of any such recommendation, the Chief Financial Officer shall give his or her advice regarding the recommendation to the Disclosure Working Group and to FMPA General Counsel and Disclosure Counsel who shall consider the recommendation and advice, determine whether to propose a formal change to these Disclosure Procedures, and submit such proposal to the General Manager for determination as to whether to bring such changes to Board and Executive Committee for approval. The FC shall review and approve any proposed changes to these Disclosure Procedures prior to their submission to the Board and Executive Committee for approval.

Appendix A

[Attach copy of a recent Continuing Disclosure Agreement]

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT
REFUNDING REVENUE BONDS, SERIES 2018A

CONTINUING DISCLOSURE AGREEMENT

THIS AGREEMENT, dated July 12, 2018, is made by and between the Agency and the Trustee, each as defined below in Section 1.

In order to permit the Underwriters to comply with the provisions of Rule 15c2-12 in connection with the public offering of the Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders of the Bonds, as follows:

Section 1. Definitions; Rules of Construction.

(i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Resolutions.

“Agency” shall mean Florida Municipal Power Agency, a governmental legal entity created pursuant to the laws of the State of Florida.

“Annual Agency Financial Information” shall mean the information specified in Section 3(i) hereof.

“Annual Financial Information” shall mean the Annual Major Participant Financial Information and Annual Agency Financial Information, collectively.

“Annual Major Participant Financial Information” shall mean the information specified in Section 3(ii) hereof.

“Audited Financial Statements” shall mean the Audited Agency Financial Statements and the Audited Major Participant Financial Statements.

“Audited Agency Financial Statements” shall mean the annual financial statements of the Agency, audited by such auditors as shall then be required or permitted by State law or the Resolutions. Audited Agency Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Agency may, from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements.

“Audited Major Participant Financial Statements” shall mean the annual financial statements of each Major Participant audited by such auditors as shall then be required or permitted by State law. Audited Major Participant Financial Statements shall be prepared in accordance with GAAP; provided, however, that Major Participants may, from time to time, if required, by federal or State legal requirements, or otherwise, modify the accounting principles to be followed in preparing its financial statements.

“Bonds” shall mean the Agency’s All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2018A.

“EMMA” shall mean the Electronic Municipal Market Access system, the electronic format information repository to the MSRB, created in accordance with certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, or its successor.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of Bonds, and, for purposes of Section 5 of this Agreement only, if registered in the name of DTC (or a nominee thereof) or in the name of any other entity (or a nominee thereof) that acts as a “clearing corporation” within the meaning of the New York Uniform Commercial Code and is a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, any beneficial owner of Bonds.

“Major Participants” shall mean, individually or collectively as the context requires, each Participant which shall have a Participant’s Share and each Participant or other unit of local government which pursuant to the Power Sales Contracts or otherwise shall have and/or shall have assumed (by agreement or by operation of law) the obligations of one or more Participants under the Power Sales Contracts to the extent of an aggregate Participant’s Share in excess of 10%. The Major Participants currently are the City of Jacksonville Beach, the Utility Board of the City of Key West, the Kissimmee Utility Authority and the City of Ocala.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participants” shall mean City of Bushnell, City of Clewiston, City of Fort Meade, Town of Havana, City of Green Cove Springs, City of Jacksonville Beach, City of Leesburg, City of Ocala, Utility Board of the City of Key West, Kissimmee Utility Authority, City of Lake Worth, City of Newberry, City of Starke, City of Vero Beach and Fort Pierce Utilities Authority.

“Participant’s Share” shall mean the Participant’s prior years kWh purchases from the All-Requirements Power Supply Project.

“Resolutions” shall mean the All-Requirements Power Supply Revenue Bond Resolution, adopted on March 22, 1985, as amended and restated in its entirety on May 23, 2003, as amended and supplemented, including as supplemented by the Series 2018A Supplemental All-Requirements Power Supply Revenue Bond Resolution (Fixed Rate Bonds) adopted on June 14, 2018.

“Rule 15c2-12” shall mean Rule 15c2-12 (as amended through the date of this Agreement) under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof promulgated on or prior to the effective date hereof.

“State” shall mean the State of Florida.

“Trustee” shall mean TD Bank, National Association, Cherry Hill, New Jersey, or any successor trustee under the Resolution.

“Unaudited Agency Financial Statements” shall mean the same as Audited Agency Financial Statements except that they shall not have been audited.

“Unaudited Major Participant Financial Statements” shall mean the same as Audited Major Participant Financial Statements except that they shall not have been audited.

“Underwriters” shall mean the underwriter or underwriters that have contracted to purchase the Bonds from the Agency upon initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

Section 2. Obligation to Provide Continuing Disclosure.

(i) The Agency hereby undertakes, for the benefit of Holders of the Bonds, to provide or cause to be provided:

(a) to the MSRB through its EMMA system, no later than nine months after the end of each fiscal year, commencing with the fiscal year ending September 30, 2017, the Annual Financial Information relating to such fiscal year;

(b) if not submitted as part of the Annual Financial Information, to the MSRB through its EMMA system, not later than nine months after the end of each fiscal year commencing with the fiscal year ending September 30, 2017, (1) Audited Agency Financial Statements for such fiscal year when and if they become available and, if such Audited Agency Financial Statements are not available on the date which is nine months after the end of a fiscal year, the Unaudited Agency Financial Statements for such fiscal year and (2) Audited Major Participant Financial Statements for such fiscal year when and if they become available and, if such Audited Major Participant Financial Statements are not available on the date which is nine months after the end of a fiscal year, the Unaudited Major Participation Financial Statements for such fiscal year; provided, however, in the case of Audited Major Participant Financial Statements, that the same can practicably be obtained by the Agency;

(c) to EMMA, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to the rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar proceedings of the Agency or a Major Participant;
13. the consummation of a merger, consolidation, or acquisition, or the sale of all or substantially all of the assets of the Agency or a Major Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the

termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

14. appointment of a successor trustee or additional trustee or the change of name of a trustee, if material.

(d) to EMMA, in a timely manner, notice of a failure to provide any Annual Financial Information required by clause (i)(a) of this Section 2.

(ii) The Agency may satisfy its obligations hereunder by filing any notice, document or information with the MSRB through its EMMA system, to the extent permitted or required by the SEC.

(iii) Other Information. Nothing herein shall be deemed to prevent the Agency from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Agency should disseminate any such additional information, the Agency shall not have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(iv) Disclaimer. The Agency and the Trustee shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and neither of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of the other party.

Section 3. Annual Financial Information.

- (i) The required Annual Agency Financial Information shall consist of the following:

(A) financial and operating data relating to the Agency's All-Requirements Power Supply Project consisting of: (1) a description of the Agency's All-Requirements Power Supply Project; (2) information of the type included in the table captioned "Historical Capacity Requirements and Resources" under the heading "THE PROJECT" in the Official Statement for the three most recently completed fiscal years; (3) historical operating results for the All-Requirements Power Supply Project for the three most recently completed fiscal years, including net sales to cities and net power costs; and (4) information concerning the Agency's debt service requirements for the All-Requirements Power Supply Project;

(B) a presentation of the Agency's financial results in accordance with GAAP for the two most recent completed fiscal years for which that information is then currently available;

(C) material litigation related to any of the foregoing; together with

(D) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Agency.

(ii) The required Annual Major Participant Financial Information shall consist of the following:

(A) financial and operating data consisting of: (1) the information of the type contained in Appendix B to the Official Statement, other than the information contained under the headings “General”; (2) information concerning sales of electric services, customers, and non-coincident peak demand; and (3) a presentation of the Major Participants’ information concerning historical net energy requirements and peak demand;

(B) material litigation related to any of the foregoing; together with

(C) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Major Participants.

The type of financial information and operating data relating to the Agency described in Sections 3(i)(A), (B) and (C) is currently included in the Official Statement dated June 26, 2018 and relating to the Bonds under the headings “DEBT SERVICE REQUIREMENTS”, “THE PROJECT” and “LITIGATION”. The type of financial information and operating data relating to the Major Participants described in Sections 3(ii)(A), (B) and (C) is currently included in the Official Statement dated June 26, 2018 under the headings “THE PROJECT PARTICIPANTS”, APPENDIX A – “MEMBER PARTICIPATION IN FMFA PROJECTS” and APPENDIX B – “THE MAJOR PARTICIPANTS”. The requirements contained in this section are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of clause (i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

All or any portion of the Annual Financial Information may be incorporated therein by cross reference to any other documents which have been filed with (i) the MSRB through its EMMA system or (ii) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7 hereof) for each such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be

quantitative. A notice of any such change in accounting principles shall be sent to the MSRB through its EMMA system.

Information From Major Participants. The Agency agrees to request, obtain and provide, pursuant to the All-Requirements Power Supply Project Contracts or otherwise, Annual Major Participant Financial Information, Audited Major Participant Financial Statements, and information relating to any change in fiscal year and the basis on which audited financial statements are prepared, from time to time and in sufficient time to permit the Agency to comply with the provisions of this Agreement, and shall enforce such provisions of this Agreement; the failure of any Major Participant to furnish any such requested information or data shall not excuse the performance by the Agency of any of its obligations under this Agreement. Under the All-Requirements Power Supply Project Contracts, the Participants are required to furnish to the Agency, upon request all information, financial statements and other documents as shall be reasonably necessary in connection with the financing of the All-Requirements Power Supply Project.

Section 4. Financial Statements. The Audited Financial Statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

All or any portion of the Audited or Unaudited Financial Statements may be incorporated therein by specific reference to any other documents which have been filed with (i) the MSRB through its EMMA system or (ii) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Section 5. Remedies. If the Agency shall fail to comply with any provision of this Agreement, then the Trustee or any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the Agency and any of its officers, agents and employees, and may compel the Agency or any of its officers, agents or employees to perform and carry out their duties under this Agreement; provided that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the Agency hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 2 shall be brought only by the Trustee or the Holders of 25% in aggregate principal amount of the Bonds at the time outstanding which are affected thereby. Failure to comply with any provision of this Agreement shall not constitute a default under the Resolutions nor give right to the Trustee or any Holder to exercise any of the remedies under the Resolutions.

Section 6. Parties in Interest. This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds which, for the purposes of Section 5, include those beneficial owners of Bonds specified in the definition of Holder set forth in Section 1. For the purposes of such Section 5, such beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any Holders (except to the extent expressly provided below), the Agency and the Trustee at any time and from time to time may enter into any amendments or changes to this Agreement for any of the following purposes:

(i) to comply with or conform to Rule 15c2-12 or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional) which are applicable to the Agreement;

(ii) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Agency and the assumption by any such successor of the covenants of the Agency hereunder;

(iv) to add to the covenants of the Agency for the benefit of the Holders, or to surrender any right or power herein conferred upon the Agency; or

(v) for any other purpose as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Agency, or type of business conducted; provided that (1) the Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in circumstances, (2) the amendment or change either (a) does not materially impair the interests of Holders, as determined by bond counsel or (b) is approved by the vote or consent of Holders of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment or change and (3) the Trustee receives an opinion of bond counsel that such amendment is authorized or permitted by this Agreement.

Section 8. Termination. This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or legally defeased pursuant to the Resolutions (a “Legal Defeasance”); *provided, however,* that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and *provided, further, that* if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance, the Agency shall provide notice of such defeasance to the MSRB through its EMMA system. Such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the Agency shall provide notice of such termination to the MSRB through its EMMA system.

Section 9. The Trustee.

(i) Except as otherwise set forth herein, this Agreement shall not create any obligation or duty on the part of the Trustee and the Trustee shall not be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) The Agency shall indemnify and hold harmless the Trustee in connection with this Agreement, to the same extent provided in the Resolutions for matters arising thereunder.

Section 10. Governing Law. This Agreement shall be governed by the laws of the State of Florida determined without regard to principles of conflict of law.

Section 11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but which together shall constitute one and the same Agreement.

[Remainder of page intentionally left blank; signatures appear on following page]

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

FLORIDA MUNICIPAL POWER AGENCY

By: _____
Name: Jacob Williams
Title: General Manager and CEO

TD BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: David C. Leondi
Title: Vice President

Appendix B

Form of Notice to Major Participants

Date: [_____, ____]

TO: [Name, Title]
[Name of Project Participant] (the “_____”)

FROM: [Name, Title]
Florida Municipal Power Agency, on behalf of the [_____] Project

RE: Continuing Disclosure Agreement, dated as of [_____, ____], by and between Florida Municipal Power Agency, on behalf of the [_____] Project (the “Agency”) and [_____] as trustee (the “Trustee”) (as amended, modified, or supplemented from time to time, the “Continuing Disclosure Agreement”)

DATE: [_____, ____]

On [_____, ____], the Agency issued \$_____ in aggregate principal amount of its [Name of Bonds], Series _____ (the “Bonds”) for the [Name of Project] (the “Project”). In connection with the issuance of the Bonds, the Agency entered into a Continuing Disclosure Agreement which, among other things, requires the Agency to obtain and to provide or cause to be provided to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”) certain information about each of the participants in the Project which provide to FMPA at least 10.0% of the revenues for such Project in a fiscal year (each, a “Major Participant”). You are receiving this notice because as of the date hereof, the [Name of Participant] has been determined to be a Major Participant under the terms of the Continuing Disclosure Agreement.

As a Major Participant, you will need to submit the following information to FMPA:

- (1) operating and financial information annually not later than [June 1]:¹
 - (A) financial and operating data consisting of: (1) the information of the type contained in Appendix B to the Official Statement (a copy of which is attached hereto), other than the information contained under the headings “General”; (2) information concerning sales of electric services, customers, and non-coincident peak demand; and (3) a presentation of the information concerning historical net energy requirements and peak demand;
 - (B) material litigation related to any of the foregoing; together with
 - (C) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of [Name of Participant]; and

¹The Agency is required to file the information on EMMA not later than nine months after the end of each fiscal year which is June 30.

(2) notice of the following events immediately upon their occurrence²:

(A) bankruptcy, insolvency, receivership or similar event of a Major Participant;

(B) the incurrence of a Financial Obligation (as defined below) of the Major Participant, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Major Participant, any of which affect holders of the Bonds, if material; and

(C) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Major Participant, any of which reflect financial difficulties.

“Financial Obligation” (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

For purposes of determining whether an obligation of the Commission is a “financial obligation” as defined above, the following guidelines shall apply:

- (1) The term “financial obligation” does not include ordinary financial and operating liabilities incurred in the normal course of your business. The term is intended to pick up actual debt, debt-like obligations or obligations related to debt.
- (2) Only leases where the Major Participant is lessee and the lease rentals are, to the knowledge of the Major Participant, pledged to repay a debt or operate as a way to borrow money shall constitute “financial obligations.” All other leases, whether or real property or equipment, entered into in the ordinary course of business shall not constitute “financial obligations.”
- (3) Revolving credit agreements and commercial paper notes are “financial obligations”, but an event notice is only required to be filed when a major legal document associated with a revolving credit agreement or commercial paper note program is entered into or extended. An event notice need not be filed when the outstanding amount of the revolving credit line or commercial paper goes up or down because notes are issued or repaid.
- (4) Only derivative obligations that have a direct nexus to a financial obligation need to be disclosed. Ordinary course commodity contracts would not need to be reported.
- (5) [Other clarifications needed? Pending further internal discussion].

To ensure compliance with the notice events described above, FMPA hereby requests that you provide by email sent to the Treasurer of FMPA at [] not less frequently than monthly a statement confirming that no events requiring disclosure have occurred during the prior period and that you notify the Treasurer immediately after learning of any such event, regardless of materiality.

²FMPA is required to file notice each of these events on EMMA no later than 10 Business Days after the occurrence of such events.

If you have any questions regarding this notice, please contact _____.

FLORIDA MUNICIPAL POWER AGENCY

Municipal Finance Disclosure Procedures

Introduction

The Florida Municipal Power Agency (“FMPA” or the “Agency”) is committed to ensuring that disclosures made in connection with its municipal finance offerings and required periodic filings related thereto are fair, accurate, and comply with applicable federal and state securities laws including common law antifraud provisions under state law and all other applicable laws. Further, it is the policy of FMPA to satisfy in a timely manner its contractual obligations undertaken pursuant to continuing disclosure agreements entered into in connection with municipal finance offerings. In furtherance of these objectives and policies, and to promote best practices relating to disclosures, the Board of FMPA and Executive Committee of FMPA’s All-Requirements Power Supply Project have adopted the Municipal Finance Disclosure Procedures set forth below (the “Disclosure Procedures”) to achieve the objectives established by the Disclosure Policy as set forth in Section 4.11 of the Debt Risk Management Policy. While the Board and Executive Committee have adopted these Disclosure Procedures, it is recognized that the Finance Committee (“FC”) will play a part in the implementation and management of the Disclosure Policy and these Disclosure Procedures as part of its general oversight responsibilities.

The failure to comply with the Disclosure Procedures shall not affect the authorization or the validity or enforceability of any Bonds that are issued by the Agency in accordance with applicable law nor imply a failure to comply with disclosure requirements of the federal or state securities laws.

Definitions

Capitalized terms used in these Disclosure Procedures have the meanings set forth below:

“All-Requirements Project” means the All-Requirements Power Supply Project, under which FMPA provides to each of the participating Members in the project their individual “All-Requirements Service,” as defined in the All-Requirements Project Contract.

“All Requirements Project Contract” means the All-Requirements Power Supply Project Contract entered into between FMPA and each of the All-Requirements Project participating members of FMPA, as amended.

“All-Requirements Major Participants” means those participants in the All-Requirements Project each of which provided to FMPA at least 10.0% of the revenues from the All-Requirements Project for the applicable fiscal year.

“Annual Agency Financial Information” means the information required to be delivered under and as defined in the Continuing Disclosure Agreements, a sample of which is attached hereto as Appendix A.

“Annual Major Participant Financial Information” means the information required to

be delivered under and as defined in the Continuing Disclosure Agreements, a sample of which is attached hereto as Appendix A.

“Annual Disclosure Filing” means the Annual Agency Financial Information and Annual Major Participant Financial Information.

“Authorized Officers” means, means, unless otherwise provided in a supplemental resolution for a particular series of Bonds, with respect to the All-Requirements Project, the Chairperson of the Executive Committee and the Vice Chairperson of the Executive Committee and the Secretary, Treasurer, General Manager and CEO, any Assistant Secretary and the Assistant General Manager, Finance and Information Technology and CFO of FMPA, and (B) with respect to the Stanton Project, Stanton II Project, St. Lucie Project and the Tri-City Project, Chairperson of the Board and the Vice Chairperson of the Board and the Secretary, Treasurer, General Manager and CEO, any Assistant Secretary and the Assistant General Manager, Finance and Information Technology and CFO of FMPA.

“Authorized Signatories” means, unless otherwise provided in a supplemental resolution for a particular series of bonds, (A) with respect to the All-Requirements Project (i) the Chairperson of the Executive Committee or the Vice Chairperson of the Executive Committee and (ii) the General Manager and CEO of FMPA or the Assistant General Manager, and CFO of FMPA and (B) with respect to the Stanton Project, Stanton II Project, St. Lucie Project and the Tri-City Project, (i) the Chairperson of the Board or the Vice Chairperson of the Board and (ii) the General Manager and CEO of FMPA or the Assistant General Manager, Finance and Information Technology and CFO of FMPA.

“Board” shall mean the Board of Directors of FMPA.

“Bond Counsel” shall mean any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities and federal securities laws selected by the Agency.

“Bonds” or “bonds” shall refer to any bonds, notes or other securities offered by FMPA, the disclosure relating to which is subject to the requirements of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, including Rule 10b-5 thereunder, and Securities Exchange Commission Rule 15c2-12.

“Chief Financial Officer” means the ~~Assistant General Manager, Finance and IT and~~ CFO of FMPA or, if such title changes, the Staff person designated as FMPA’s Chief Financial Officer or who has lead responsibility for the financials affairs of the Agency in support of the General Manager of the Agency.

“Continuing Disclosure Agreements” means FMPA’s contractual obligations to provide updates on an annual basis to certain financial and operating data with respect to itself and the Major Participants and to provide certain Event Notices in accordance with Rule 15c2-12.

“Co-owner” means each co-owner of the Stanton Project, Stanton II Project, St. Lucie Project and Tri-City Project.

“Debt Financing Team” means a team consisting of the consisting of the following members:

- Chief Financial Officer, who shall serve as the Chairperson of the Debt Financing Team;
- Treasurer and Risk Director;
- FMPA General Counsel;
- System Planning Manager (as necessary);
- FMPA’s financial advisor;
- FMPA’s swap advisor (as necessary);
- Bond Counsel (as necessary);
- Disclosure Counsel ([if separate from Bond Counsel](#)) (as necessary); and
- ~~Special Finance Counsel~~ [Other legal counsel](#) (as necessary)
- [Other \(as necessary\)](#)

“Debt Risk Management Policy” means the Debt Risk Management Policy and any effective subordinate procedures establishing the governance, framework and the controls under which FMPA may engage in activities to identify, measure and minimize future business risk resulting from the issuance and management of all FMPA debt financing.

“Director” means each of the Agency’s member-appointed directors serving on the Board or the Executive Committee, as appropriate.

“Disclosure Counsel” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to the federal securities laws selected by the Agency. If a separate Disclosure Counsel is not engaged by FMPA, Bond Counsel will assume all the duties, responsibilities and obligations that otherwise would be provided by a separate Disclosure Counsel.

“Disclosure Documents” means FMPA’s documents and materials specifically prepared, issued, and distributed in connection with FMPA’s disclosure obligations under applicable federal securities laws or that otherwise could potentially subject FMPA, its Directors and its Staff to liability under such laws, and shall include, but not be limited to the following:

- Annual Disclosure Filing,
- Official Statements,
- Any filing made by FMPA with EMMA pursuant to a Continuing Disclosure Agreement, including material event notices,
- Any voluntary filing made by FMPA that is posted on EMMA,
- Any other document that is reviewed and approved in accordance with these Disclosure Procedures, and

- Any document or other communication from FMPA that could be viewed as reasonably expected to reach, in the normal course of its business, investors and the trading market for FMPA's Bonds.

"Disclosure Policy" means the policy set forth in Section 4.11 of the Debt Risk Management Policy establishing FMPA's intent to comply fully with applicable securities law regarding disclosure in connection with the issuance of Bonds and with the terms of its Continuing Disclosure Agreements.

"Disclosure Working Group" means the officers or employees of FMPA charged with exercising certain responsibilities in connection with the preparation or checking of the disclosures made by FMPA in its Disclosure Documents. Initially, such group shall consist of the Treasurer, Assistant Treasurer, Debt, FMPA Assistant General Counsel, Counsel, Manager of Risk Management and Audit Manager.

"EMMA" means the Electronic Municipal Market Access system maintained by the ~~Municipal Securities Rulemaking Board~~ [MSRB](#) or such other repository as may be designated by the Securities and Exchange Commission or the ~~Municipal Securities Rulemaking Board~~ [MSRB](#).

"Event Notice" means a notice relating to those events which FMPA is required to monitor and to provide notice to the MSRB in accordance with the Continuing Disclosure Agreements.

"Executive Committee" means the governing body of the All-Requirements Power Supply Project.

"FC" means the Agency's Finance ~~Committee~~ [Committee](#), or any successor committee or body designated by the Agency to fulfill the role provided for in these Disclosure Procedures

"Final Official Statements" means a document prepared by or on behalf of the issuer of municipal securities in connection with a primary offering that discloses material information on the offering of such securities. Final Official Statements typically include information regarding the purposes of the issue, how the securities will be repaid, and the financial and economic characteristics of the issuer, conduit borrower or other obligated person with respect to the offered securities. Investors and market intermediaries may use this information to evaluate the credit quality of the securities and potential risks of the primary offering and the prices and redemption provisions for such securities.

"Finance Staff" means the [CFO](#), Treasurer and Risk Director and the Assistant Treasurer, Debt.

"FMPA" means the Florida Municipal Power Agency.

"FMPA Assistant General Counsel" means the Assistant General Counsel and Manager of Legal Affairs of FMPA or, if such title changes, the senior most attorney working under the direction of the FMPA General Counsel or the FMPA General Counsel.

“FMPA General Counsel” means the General Counsel and Chief Legal Officer of FMPA, as appointed by the Board of Directors.

“Material Supplier” means any major fuel or commodity supplier, power purchase contract counterparty or generation or transmission facility operator. As of the date hereof, FMPA’s Material Suppliers are Florida Power & Light Company, Orlando Utilities Commission, Southern Power Company, Florida Gas Utilities, Kissimmee Utility Authority, Fort Pierce Utilities Authority and Keys Energy Services.

“Major Participants” means the All-Requirements Major Participants, the Stanton Major Participants, the Stanton II Major Participants, the St. Lucie Major Participants and the Tri-City Major Participants.

“MSRB” means the [Municipal Securities Rulemaking Board](#).

“Official Statements” means, collectively, Preliminary and Final Official Statements, remarketing circulars or offering memoranda used in connection with the offering of Bonds. Official Statements may include such information by specific cross-reference, as expressly authorized by Rule 15c2-12.

“Preliminary Official Statement” means the version of the official statement prepared by or for an issuer of municipal securities for potential customers, as the same may be supplemented or amended, prior to the availability of the Final Official Statement that is “deemed final” for purposes of Rule 15c2-12. Rule 15c2-12(b)(1) requires an underwriter obtain and review a Preliminary Official Statement that the issuer deems to be “final” except for the omission of no more than the following information: “the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, any other terms or provisions required by an issuer of such securities to be specified in a competitive bid, ratings, other terms of the securities depending on such matters” (such as optional redemption call dates and prices and, in some cases, the determination of whether bonds will be secured by a bond insurance policy or other credit facility), “and the identity of the underwriter(s). In the event that such a preliminary official statement is not prepared for an offering of municipal securities and a Final Official Statement is prepared for such offering of municipal securities, references in these Disclosure Procedures to a Preliminary Official Statement will mean the Final Official Statement.

“Projects” means the All-Requirements Project, the Stanton Project, the Stanton II Project, the St. Lucie Project and the Tri-City Project.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof.

~~**“Special Finance Counsel”** shall mean any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities and federal securities laws selected by the Agency.]—~~

“Staff” means employees of FMPA.

“Stanton Project” means FMPA’s 14.8193% undivided ownership interest in the Stanton Energy Center Unit No. 1.

“Stanton Major Participants” means those participants in the Stanton Project each of which provided to FMPA at least 10.0% of the revenues from the Stanton Project for applicable fiscal year.

“Stanton II Project” means FMPA’s 23.2367% undivided ownership interest in the Stanton Energy Center Unit No. 2.

“Stanton II Major Participants” means those participants in the Stanton II Project each of which provided to FMPA at least 10.0% of the revenues from the Stanton II Project for applicable fiscal year.

“St. Lucie Project” means FMPA’s 8.806% undivided ownership interest St. Lucie Unit No. 2.

“St. Lucie Major Participants” means those participants in the St. Lucie Project each of which provided to FMPA at least 10.0% of the revenues from the St. Lucie Project for applicable fiscal year.

“Subject Matter Expert” has the meaning set forth in Section II.1.c.

“Tri-City Project” means FMPA’s 5.3012% undivided ownership interest in Stanton Unit No. 1.

“Tri-City Major Participants” means those participants in the Tri-City Project each of which provided to FMPA at least 10.0% of the revenues from the Tri-City Project for applicable fiscal year.

I. General and On-Going Disclosure Practices

1. The Board or the Executive Committee, as applicable, through approval of the documentation relating to individual financings, remarketing and refinancings and the review of the related agenda items and resolutions, delegates authority and responsibility with respect to individual financings, remarketing and refinancings to Authorized Officers and Authorized Signatories to prepare and distribute a Preliminary Official Statement and Final Official Statement, Annual Disclosure Filings and Event Notices and updates thereto in the case of securities subject to remarketing. All documentation relating to said financings will be prepared in accordance with these Disclosure Procedures and any Disclosure Document shall comply with any requirements contained in these Disclosure Procedures.

2. The Chief Financial Officer has overall responsibility for compliance with the Disclosure Procedures and for all Disclosure Documents and must give his or her written approval before their use. Correspondingly, all Disclosure Documents must be reviewed and approved in writing for use by the FMPA General Counsel or his or her designee. Any such

approval may be evidenced by e-mail or other electronic communication. Either may seek the advice of outside counsel, acting in the capacity of FMPA's Disclosure Counsel.

3. The Finance Staff and members of the FMPA General Counsel's office with financial disclosure responsibilities, in consultation with FMPA's Disclosure Counsel, shall continually evaluate the adequacy of FMPA's financial disclosures and bring any recommendations for changes to the Chief Financial Officer and to FMPA General Counsel for discussion and resolution in accordance with Article VII hereof.

4. At least annually, the Debt Financing Team shall formally review FMPA's Disclosure Procedures and compliance therewith. A written report of this review will be presented to the FC at their next regularly scheduled meeting and the FC shall provide a report together with any recommendations to the General Manager. The General Manager shall provide a report to the Board and to the Executive Committee.

5. All unresolved differences of opinion between any Staff on any matters related to any of these procedures shall be decided by the General Manager.

II. Preliminary Official Statement and Final Official Statement Review and Disclosure Procedures Generally; Notice of Disclosure Obligations to Major Participants

1. The Chief Financial Officer, with the assistance of the Disclosure Working Group, shall timely identify those Staff who, for a particular financing, are appropriate to assist the Finance Staff in the preparation and review of the Preliminary Official Statement and Final Official Statement for each proposed financing. Bond Counsel, Disclosure Counsel, ~~Special Finance Counsel~~ other legal counsel (as needed), underwriter(s), underwriter's counsel, financial advisors, Major Participants, Participants, Co-owners, Material Suppliers and any other individuals determined by the Disclosure Working Group to be necessary will also be called upon to assist in the preparation and review of the related Preliminary Official Statement and Final Official Statement. Any and all individuals outside the Debt Finance Team will be timely contacted in writing by a member of the Finance Staff and informed that their assistance will be needed for the preparation of the Preliminary Official Statement and Final Official Statement.

- a. The Staff, Major Participants, Participants, Co-owners and Material Suppliers shall be contacted as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or to provide information to be used by the Disclosure Working Group to prepare or to draft those portions of the Preliminary Official Statement assigned to them and to allow the Disclosure Working Group to review the revised portions of the Preliminary Official Statement as needed.
- b. The written request for information shall provide that Staff must raise any item which could be material for inclusion in the Preliminary Official Statement and Final Official Statement, as applicable. The written request for information shall include, but not be limited to, the description of any item or event of which the Disclosure Working Group is aware which could be material for review by such individuals, departments, other necessary entities or other governmental officials and potential inclusion in the Disclosure Document.

- c. The Treasurer shall maintain or cause to be maintained an accurate log of all individuals, departments, Co-owners and Major Participants (each a “Subject Matter Expert”) that were requested to review or draft information in connection with Preliminary Official Statement and Final Official Statement, including what sections such individuals or entities listed above prepared, provided information to the Disclosure Working Group, drafted or reviewed and shall also be responsible for collecting all transmittal letters, certifications, and lists of sources for incorporation of such information into the records to be maintained by the Treasurer. Each Subject Matter Expert shall have confirmed in writing (which may be by email) to the Treasurer as of a date that is no more than two Business Days prior to the release of the Preliminary Official Statement and Final Official Statement, as applicable, that he or she has reviewed the sections of the Preliminary Official Statement and Final Official Statement, as applicable, for which he or she is responsible and that to his or her knowledge the sections are accurate and complete.
 - d. The external Agency auditors should be apprised by the Treasurer or the Assistant Treasurer of the Agency’s schedule for publishing such Preliminary Official Statements and Final Official Statements and shall be responsible for ensuring that the auditors have time to conduct any required review and sign-off on the drafts prior to their release for printing.
2. The members of the Disclosure Working Group shall review the Preliminary Official Statement drafts and the process by which the Preliminary Official Statement was developed to determine (and shall report to the Chief Financial Officer and FMPA General Counsel as to) whether, based on information known or reported to them, (a) the Disclosure Procedures were followed, (b) the material facts in the Preliminary Official Statement appear to be consistent with those known to the members of the Disclosure Working Group, and (c) the Preliminary Official Statement omits any material fact that is necessary to be included to prevent the Official Statement from being misleading to investors. The Chief Financial Officer and FMPA General Counsel shall take such action as may be necessary, based on feedback from the Disclosure Working Group, to enable the Disclosure Working Group to conclude that this Disclosure Procedures were followed and that the Preliminary Official Statement or the Final Official Statement, as applicable, is accurate and complete in all material respects.
 3. At least one Business Day prior to the release of either the Preliminary Official Statement or the Final Official Statement, the Finance Staff shall provide a copy of the Preliminary Official Statement or the Final Official Statement, as applicable, to each of the Chief Financial Officer and FMPA General Counsel for their review and written sign-off. In addition, the Treasurer or the Assistant Treasurer shall send a copy of a substantially final copy of the Preliminary Official Statement and Final Official Statement to FMPA’s external auditors, if required, in a timely manner for their review and comment and official sign-off.
 4. The FMPA General Counsel and Chief Financial Officer, with assistance from the FMPA Assistant General Counsel, Bond Counsel and Disclosure Counsel shall hold due diligence sessions with the appropriate Staff and, if necessary, Major Participants, Participants, Co-owners and Material Suppliers, prior to the printing or posting of a preliminary Official Statement. The Underwriter and/or the Underwriter(s)’ Counsel may also require a due diligence

session. FMPA's session may if desired, be held coincidentally with the due diligence session of the Underwriter and/or Underwriter's Counsel.

5. Disclosure Counsel and/or underwriter's counsel shall provide written discussion topics or questions in the form of an agenda in advance of the due diligence session(s), to the extent practical, to permit all required Staff and, if necessary, the Major Participants, and, if necessary, Major Participants, Participants, Co-owners and Material Suppliers, as well as underwriters and their counsel, to prepare for the due diligence session(s) and to consider additional matters they deem material to the offering. The due diligence session(s) shall not be limited to the list of written topics or questions or other questions solely from Disclosure Counsel. Bond Counsel, FMPA's financial advisor, and, in the case of a negotiated transaction, the underwriters and underwriters' counsel shall participate in such due diligence session(s). Such due diligence session shall be held prior to the release of the Preliminary Official Statement so that the Disclosure Working Group and the Debt Financing Team are comfortable that such Preliminary Official Statement is in satisfactory form and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and may be deemed final for purposes of Rule 15c2-12.

6. At the time of the sale of the Bonds a Final Official Statement shall be prepared and reviewed by the Chief Financial Officer, and the FMPA General Counsel, and any others in their opinions as may be required or considered prudent, to satisfy themselves that at the time of sale that such Official Statement is in satisfactory form and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and has been prepared in compliance with the Disclosure Procedures.

7. Before the printing of any Official Statement the Chief Financial Officer and the FMPA General Counsel shall receive from individuals, as they deem necessary, written confirmations, by e-mail or otherwise, that such individuals know of no material litigation that has been filed (or threatened with a reasonable likelihood of being filed) against FMPA since the due diligence session(s) and know of no material change in financial or operating information that is required to be reflected in the Disclosure Document.

8. Bond Counsel and/or Disclosure Counsel may be invited to attend and/or participate in any FMPA presentations to rating agencies and investors. The Disclosure Working Group, Debt Financing Team and any others deemed necessary by the Chief Financial Officer and the FMPA General Counsel shall review the materials used in presentations, meetings and telephone conferences with rating agencies or investors for consistency with the appropriate Official Statement or appropriate current disclosure documentation. Appropriate written records of meetings and telephone conferences with rating agencies and investors will be kept by FMPA Assistant General Counsel or Finance Staff.

9. Promptly after the issuance of a series of Bonds subject to the requirements of Rule 15c2-12 and for which a Continuing Disclosure Agreement has been executed by FMPA, the Treasurer shall send notice to each of the Major Participants stating that (a) such participant has been determined to be a Major Participant with respect to one or more series of FMPA's Bonds;

(b) FMPA has undertaken to provide certain annual operating and financial information with respect to such Major Participant not later than nine months after the end of FMPA's fiscal year; and (c) FMPA has also undertaken to provide notice of certain reportable events under Rule 15c2-12 with respect to such Major Participant and notice of any such event are required to be filed on EMMA within ten Business Days of the occurrence of such event. A form of such notice is attached hereto as Appendix B.

III. The Annual Disclosure Filing (Rule 15c2-12), Additional Disclosure and Website

B. Annual Disclosure Filing

1. The Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer in conjunction with Finance Staff, shall by no later than March 1 of each calendar year (a) compile and maintain (and update after every issuance or unscheduled payment of principal or defeasance of Bonds) a list of all financial information and operating data for the Major Participants required to be filed with the MSRB pursuant to each of the Continuing Disclosure Agreements; (b) distribute a written request for the Annual Major Participant Financial Information from each Major Participant, including that they notify FMPA if they have learned of any fact that they consider could be material, and a deadline for the submission of such Annual Major Participant Financial Information to the Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer that will afford sufficient time for review by the Assistant Treasurer, Debt and the approvals required by these Disclosure Procedures. Upon receipt of such information, Finance Staff shall review information submitted to ensure that it is complete and to determine, with the assistance of the Chief Financial Officer, FMPA General Counsel, FMPA Assistant General Counsel and/or Disclosure Counsel as applicable, if any narrative is needed to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Major Participants.

2. The Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer in conjunction with Finance Staff, shall by no later than March 1 of each calendar year distribute a written request for the Annual Agency Financial Information from Staff, which written request may include information which may be needed from Co-owners and Material Suppliers and include a reminder that they notify the Chief Financial Officer if they have learned of any fact that they consider could be material, and a deadline for the submission of such Annual Agency Financial Information to the Assistant Treasurer, Debt or such person as may be designated by the Chief Financial Officer that will afford sufficient time for review by the Assistant Treasurer, Debt and the approvals required by these Disclosure Procedures. Upon receipt of such information, Finance Staff shall review said information to ensure that it is complete and to determine, with the assistance of the Chief Financial Officer, FMPA General Counsel, FMPA Assistant General Counsel and/or Disclosure Counsel as applicable, if any narrative is needed to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Agency.

3. The Annual Disclosure Filing, pursuant to FMPA's Continuing Disclosure Agreements, shall be filed by the Treasurer or Assistant Treasurer by no later than June 30th of

each year. The Annual Disclosure Filing shall be filed on EMMA in accordance with FMPA's Continuing Disclosure Agreements under Rule 15c2-12. The Treasurer or Assistant Treasurer shall exercise reasonable care to file the Annual Disclosure Filing in the format and with the identifying information required by the Continuing Disclosure Agreements, including CUSIP numbers for the applicable Bonds. The Treasurer shall advise the Board and Executive Committee of the date on which the Annual Disclosure Filing was made and whether it was complete or whether additional filings will need to be made for any information that was not available on or before June 30th.

4. If any financial information or operating data of FMPA or any Major Participant is not available by June 30th, a notice of failure to timely file shall be submitted to EMMA on or before June 30th. The financial information or operating data of FMPA shall be filed within ten business days of when such information becomes available and the financial information or operating data of any Major Participant shall be filed by FMPA within ten business days of when FMPA actually receives the information from such Major Participant and has ascertained that it is complete and determined that additional narrative or changes in narrative are not needed to avoid misunderstanding and of assistance to the reader in understanding the presentation and its meaning.

C. Event Notices

1. **Identification and Monitoring of Reportable Events for FMPA.** (a) The Treasurer shall maintain a list of events of which FMPA is required to monitor and to provide notice to the MSRB pursuant to the Continuing Disclosure Agreements. The Treasurer (with the assistance of members of the Disclosure Working Group for Official Statements) shall (a) identify the Staff of FMPA who are most likely to first obtain knowledge of the occurrence of such events and (b) request in writing that they notify the Treasurer immediately after learning of any such event, regardless of materiality, and repeat such request in a monthly reminder.

(b) If it is not clear if the occurrence of an event constitutes one of the events for which notice is required to be given pursuant to the Continuing Disclosure Agreements, then the Treasurer shall consult with the Chief Financial Officer and FMPA Assistant General Counsel to determine, with the assistance of Disclosure Counsel if needed, whether FMPA is required to file a notice concerning such event.

2. **Identification and Monitoring of Reportable Events for Major Participants.** (a) The Treasurer shall maintain a list of reportable events for the Major Participants which FMPA is required to monitor and to provide notice to the MSRB pursuant to its Continuing Disclosure Agreements. The Treasurer (with the assistance of members of the Disclosure Working Group for Official Statements) shall (i) identify a person at each Major Participant who shall be responsible for obtaining knowledge of the occurrence of such events and shall not less frequently than ~~[monthly]~~~~[every two weeks]~~ confirm in writing to the Treasurer whether any such events have occurred and notify the Treasurer immediately after learning of any such event, regardless of materiality. In the event that the Treasurer does not receive a confirmation from the Major Participant as required, the Treasurer or his designee shall make a request in writing.

(b) If it is not clear if the occurrence of an event constitutes one of the events for which notice is required to be given pursuant to the Continuing Disclosure Agreements, then the Treasurer shall consult with the Chief Financial Officer and FMPA Assistant General Counsel to determine, with the assistance of Disclosure Counsel, if needed, whether FMPA is required to file a notice concerning such event.

3. Preparation of Event Notice. The Chief Financial Officer and FMPA General Counsel shall (a) assess whether notice of any reported event must be given and if a materiality determination needs to be made in order to make this assessment and if a materiality determination needs to be made shall make this determination with the assistance of Disclosure Counsel and (x) if notice of the event must be given, then the Treasurer shall prepare an Event Notice giving notice of the event and forward the draft Event Notice to the Chief Financial Officer, the FMPA General Counsel and Disclosure Counsel for their review or (y) if no notice of the event must be given, then the Treasurer will prepare a brief memo to the file explaining the event and the reason that the event was determined to not be material.

4. The Chief Financial Officer, FMPA General Counsel and Disclosure Counsel shall promptly review and approve or comment on the Event Notice described in paragraph 2(a)(x) above. The Treasurer shall incorporate such comments into the Event Notice to be filed with EMMA. The Disclosure Officers shall not file the Event Notice Statement until it is approved by the Chief Financial Officer and FMPA General Counsel, unless such approval has not been received by the applicable Continuing Disclosure Agreement filing deadline.

5. The Treasurer or Assistant Treasurer, Debt shall file the Event Notice with the MSRB through EMMA by the deadline established by the Continuing Disclosure Agreements or, if the facts cannot be correctly and fairly described by the deadline, then as soon thereafter as possible. The Treasurer or Assistant Treasurer shall exercise reasonable care to file the Event Notice in the format and with the identifying information required by the Continuing Disclosure Agreements, including CUSIP numbers for the applicable Bonds.

6. The Treasurer or Assistant Treasurer, Debt shall maintain a file of the actions taken to report each event, and prepare, check, and approve the notice of the event, including the approvals of the Chief Financial Officer and FMPA General Counsel, if obtained, and include a list of the event notices filed in the annual report to the FC.

D. Additional Disclosures and Website

1. Additional Disclosures. (a) During the course of the year, and during periods when no bonds are being issued, it still is necessary to determine if there are any events which may warrant making a voluntary disclosure statement to investors.

(b) The Disclosure Working Group, with advice from Disclosure Counsel, shall periodically determine whether changes in financial results of operation or condition from the prior year, or any event or fact reported pursuant to Section III.B.1(b) above for which it was determined that it was not an event for which notice was required to be given, would, if disclosed on EMMA, materially change the total mix of information about FMPA that is available to investors on EMMA. If it would, a voluntary disclosure statement disclosing such results, event, or fact shall be prepared and reviewed by Disclosure Counsel. Such voluntary

disclosure statement shall be forwarded to the Disclosure Working Group, Chief Financial Officer and FMPA General Counsel for review and comment. The voluntary disclosure statement shall be submitted to the Chief Financial Officer and FMPA General Counsel for final approval.

(c) After any such voluntary disclosure statement is approved by the Chief Financial Officer and FMPA General Counsel, the Treasurer or Assistant Treasurer, Debt shall file the voluntary disclosure statement with the MSRB through EMMA. The Treasurer or Assistant Treasurer, Debt shall exercise reasonable care to file the voluntary disclosure statement with identifying information that includes all relevant CUSIP numbers. Such voluntary disclosure statement shall also be posted to the appropriate section of FMPA's website.

2. **Website.** (a) Finance Staff shall review, or cause to be reviewed, the "Investors" section of the FMPA website at least annually to confirm that it is up to date and accurate and shall confirm in writing (which may be by email) to the Chief Financial Officer that such review has been performed. Such review of the "Investors" section should be to ensure that (a) material information that is no longer up to date is removed from the website or moved to a clearly labeled archives page; (b) all material financial and operating data is presented as of a specific date with appropriate disclaimers as to the currency of the data; (c) no material forward-looking statements (projections, forecasts, etc.) are included unless they are based on reasonable assumptions and are accompanied by a description of the substantial risks to achieving the forecasted results; and (d) the material information presented is consistent with the knowledge of such persons and not internally inconsistent.

(b) Visitors to the "Investors" section of the FMPA website shall be required to review and acknowledge a disclaimer prior to accessing any information. The website disclaimer should be reviewed by FMPA Assistant General Counsel at least annually to ensure that it reflects current market standards and practices.

IV. Role of Disclosure Counsel

FMPA will require Disclosure Counsel to perform the following:

- a. review and comment on FMPA's Disclosure Documents,
- b. coordinate the due diligence process in the manner provided above,
- c. review presentations and, if requested, attend and/or participate in rating agency or investor presentations, meetings and telephone conferences related to FMPA's bonds, notes and other securities,
- d. advise FMPA regarding:
 - (1) specific disclosure issues relating to FMPA's financial operations, operating performance, energy supply and future capital needs and capital program development, including funding, progress and problems raised or identified by Finance Staff to Disclosure Counsel or discovered by Disclosure Counsel in the course of performing its duties generally,

- (2) standards of disclosure under applicable securities laws,
 - (3) adequacy of FMPA's disclosure in any Disclosure Document,
 - (4) completeness and clarity of the information provided by the Participants, Co-owners and Material Suppliers in any Disclosure Document, and
 - (5) other matters as directed by FMPA.
- e. interface with the Chief Financial Officer and FMPA General Counsel and others on the Debt Financing Team with respect to any Disclosure Document,
 - f. provide a securities law opinion for each financing transaction,
 - g. participate in the preparation, review and approval of the Annual Disclosure Filing, Event Notices and voluntary disclosures as requested, and
 - h. conduct periodic training of Staff, Board members and Executive Committee members on these Disclosure Procedures as required hereunder or as may be requested from time to time by the General Manager, FMPA General Counsel or Chief Financial Officer.

While Disclosure Counsel will be required to perform certain duties and assist FMPA, FMPA as an issuer of Bonds may not transfer its primary responsibility and potential liability for disclosure to outside counsel or consultants.

V. Disclosure Practices Training

Training for Board members, Executive Committee members, and Staff shall be conducted by Disclosure Counsel. It is intended that this training shall assist these individuals in (1) understanding their responsibilities; (2) identifying significant items which may need to be included in the Disclosure Documents; and (3) reporting issues and concerns relating to disclosure. A refresher training program shall be conducted not less than annually for Staff and any new Board and Executive Committee Members and once every three years for carryover Board and Executive Committee Members; provided that such training may occur more frequently if necessary to address any material changes in law or these Disclosure Procedures.

1. ~~1.~~ Board Members and Executive Committee Members, including alternates

- a. Board members and Executive Committee members shall be advised of their disclosure responsibilities and the extent they may delegate to and rely on Staff's preparation of Disclosure Documents.
- b. Board members and Executive Committee members shall be advised of their fiduciary duties under state law.
- c. Alternate members shall be included as determined by the General Manager

in consultation with the FMPA General Counsel.

3. ~~2.~~ Staff

- a. Staff with responsibility for collecting, preparing or reviewing information that is provided for inclusion in a Disclosure Document or for certifying or confirming its accuracy in accordance with these Disclosure Procedures, and those persons responsible for executing them, shall attend disclosure training sessions.
- b. The determination as to whether or not a class of employees shall receive such training shall be made by the FMPA General Counsel and Chief Financial Officer in consultation with Disclosure Counsel and each other.

VI. Disclosure-Related Document Retention Practices

The following documents shall be maintained by Finance Staff for the later of ten years or the period of time required by FMPA's records management or records retention program:

- Annual Continuing Disclosure Filings,
- Bond Issue Bound Books or CD-ROMs containing bond issue documents,
- Bond Issue Executed Documents,
- Disclosure Documents,
- Investor Materials,
- Financial Statements related to bonds,
- Note Issue Bound Books or CD-ROMs containing note issue document,
- Note Issue Executed Documents,
- Rating Agency Presentation Materials,
- Records of all disclosure activities, including but not limited to telephone calls, emails and inquiries from investors and the associated response materials,
- Annual Financial Statements Audited by Outside Auditing Firm and unaudited quarterly financial statements,
- Records of FMPA's compliance with these Disclosure Procedures,
- Information received from Participants, Co-owners and Material Suppliers, and
- Any materials not already identified above prepared and used in satisfaction of FMPA's Continuing Disclosure obligations.

VII. General Principles Relating to Disclosure

1. Each person participating in the disclosure process shall be responsible for raising potential disclosure items at all times in the process.
2. Each person participating in the disclosure process should raise any issue regarding disclosure with the Chief Financial Officer and the FMPA General Counsel at any time and if not satisfied with actions taken by the Chief Financial Officer and the FMPA General Counsel should raise the issue with FMPA's General Manager.
3. Recommendations for improvement or amendment of these Disclosure Procedures shall be solicited from the Disclosure Working Group and the FC and considered by the Debt Finance Team annually and if revision is deemed to be appropriate will be reviewed by the Chief Financial Officer and FMPA General Counsel in consultation with Disclosure Counsel before submittal to any of the Agency's governing bodies for approval.
4. The process of revising and updating Disclosure Documents should not be viewed as mechanical insertions of more current information; everyone involved in the process should consider the need for revisions in the form and content of the sections for which they are responsible.

VIII. Amendments and Updates; Miscellaneous

1. **Internal Use Only.** The Disclosure Procedures are intended for the internal use of the FMPA only and is not intended to establish any duties in favor of or rights of any person other than FMPA.
2. **Departure from Procedures.** The officers and employees charged by these Disclosure Procedures with performing or refraining from any action may depart from these Disclosure Procedures when the Chief Financial Officer or the General Manager and the FMPA General Counsel in good faith determine that such departure is in the best interests of FMPA and consistent with the duties of the FMPA under federal and state securities laws. The Board and the Executive Committee will be notified within three (3) business days after any such departure from these Disclosure Procedures.
3. **Periodic Review.** The Disclosure Procedures shall be reviewed annually by the Debt Financing Team. In addition, at any time all officers and employees of FMPA are invited and encouraged to make recommendations for changes to these Disclosure Procedures so that it fosters better compliance with applicable law, results in better information to investors, or makes the procedures required by these Disclosure Procedures more efficient.
4. **Recommendations for Change.** Following receipt of any such recommendation, the Chief Financial Officer shall give his or her advice regarding the recommendation to the Disclosure Working Group and to FMPA General Counsel and Disclosure Counsel who shall consider the recommendation and advice, determine whether to propose a formal change to these Disclosure Procedures, and submit such proposal to the General Manager for determination as to whether to bring such changes to Board and Executive Committee for approval. The FC shall review and approve any proposed changes to these Disclosure Procedures prior to their submission to the Board and Executive Committee for approval.

Appendix A

[Attach copy of a recent Continuing Disclosure Agreement]

FLORIDA MUNICIPAL POWER AGENCY
ALL-REQUIREMENTS POWER SUPPLY PROJECT
REFUNDING REVENUE BONDS, SERIES 2018A

CONTINUING DISCLOSURE AGREEMENT

THIS AGREEMENT, dated July 12, 2018, is made by and between the Agency and the Trustee, each as defined below in Section 1.

In order to permit the Underwriters to comply with the provisions of Rule 15c2-12 in connection with the public offering of the Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders of the Bonds, as follows:

Section 1. Definitions; Rules of Construction.

(i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Resolutions.

“Agency” shall mean Florida Municipal Power Agency, a governmental legal entity created pursuant to the laws of the State of Florida.

“Annual Agency Financial Information” shall mean the information specified in Section 3(i) hereof.

“Annual Financial Information” shall mean the Annual Major Participant Financial Information and Annual Agency Financial Information, collectively.

“Annual Major Participant Financial Information” shall mean the information specified in Section 3(ii) hereof.

“Audited Financial Statements” shall mean the Audited Agency Financial Statements and the Audited Major Participant Financial Statements.

“Audited Agency Financial Statements” shall mean the annual financial statements of the Agency, audited by such auditors as shall then be required or permitted by State law or the Resolutions. Audited Agency Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Agency may, from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements.

“Audited Major Participant Financial Statements” shall mean the annual financial statements of each Major Participant audited by such auditors as shall then be required or permitted by State law. Audited Major Participant Financial Statements shall be prepared in accordance with GAAP; provided, however, that Major Participants may, from time to time, if required, by federal or State legal requirements, or otherwise, modify the accounting principles to be followed in preparing its financial statements.

“Bonds” shall mean the Agency’s All-Requirements Power Supply Project Refunding Revenue Bonds, Series 2018A.

“EMMA” shall mean the Electronic Municipal Market Access system, the electronic format information repository to the MSRB, created in accordance with certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, or its successor.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of Bonds, and, for purposes of Section 5 of this Agreement only, if registered in the name of DTC (or a nominee thereof) or in the name of any other entity (or a nominee thereof) that acts as a “clearing corporation” within the meaning of the New York Uniform Commercial Code and is a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, any beneficial owner of Bonds.

“Major Participants” shall mean, individually or collectively as the context requires, each Participant which shall have a Participant’s Share and each Participant or other unit of local government which pursuant to the Power Sales Contracts or otherwise shall have and/or shall have assumed (by agreement or by operation of law) the obligations of one or more Participants under the Power Sales Contracts to the extent of an aggregate Participant’s Share in excess of 10%. The Major Participants currently are the City of Jacksonville Beach, the Utility Board of the City of Key West, the Kissimmee Utility Authority and the City of Ocala.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participants” shall mean City of Bushnell, City of Clewiston, City of Fort Meade, Town of Havana, City of Green Cove Springs, City of Jacksonville Beach, City of Leesburg, City of Ocala, Utility Board of the City of Key West, Kissimmee Utility Authority, City of Lake Worth, City of Newberry, City of Starke, City of Vero Beach and Fort Pierce Utilities Authority.

“Participant’s Share” shall mean the Participant’s prior years kWh purchases from the All-Requirements Power Supply Project.

“Resolutions” shall mean the All-Requirements Power Supply Revenue Bond Resolution, adopted on March 22, 1985, as amended and restated in its entirety on May 23, 2003, as amended and supplemented, including as supplemented by the Series 2018A Supplemental All-Requirements Power Supply Revenue Bond Resolution (Fixed Rate Bonds) adopted on June 14, 2018.

“Rule 15c2-12” shall mean Rule 15c2-12 (as amended through the date of this Agreement) under the Securities Exchange Act of 1934, as amended, including any official interpretations thereof promulgated on or prior to the effective date hereof.

“State” shall mean the State of Florida.

“Trustee” shall mean TD Bank, National Association, Cherry Hill, New Jersey, or any successor trustee under the Resolution.

“Unaudited Agency Financial Statements” shall mean the same as Audited Agency Financial Statements except that they shall not have been audited.

“Unaudited Major Participant Financial Statements” shall mean the same as Audited Major Participant Financial Statements except that they shall not have been audited.

“Underwriters” shall mean the underwriter or underwriters that have contracted to purchase the Bonds from the Agency upon initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

Section 2. Obligation to Provide Continuing Disclosure.

(i) The Agency hereby undertakes, for the benefit of Holders of the Bonds, to provide or cause to be provided:

(a) to the MSRB through its EMMA system, no later than nine months after the end of each fiscal year, commencing with the fiscal year ending September 30, 2017, the Annual Financial Information relating to such fiscal year;

(b) if not submitted as part of the Annual Financial Information, to the MSRB through its EMMA system, not later than nine months after the end of each fiscal year commencing with the fiscal year ending September 30, 2017, (1) Audited Agency Financial Statements for such fiscal year when and if they become available and, if such Audited Agency Financial Statements are not available on the date which is nine months after the end of a fiscal year, the Unaudited Agency Financial Statements for such fiscal year and (2) Audited Major Participant Financial Statements for such fiscal year when and if they become available and, if such Audited Major Participant Financial Statements are not available on the date which is nine months after the end of a fiscal year, the Unaudited Major Participation Financial Statements for such fiscal year; provided, however, in the case of Audited Major Participant Financial Statements, that the same can practicably be obtained by the Agency;

(c) to EMMA, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to the rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar proceedings of the Agency or a Major Participant;
13. the consummation of a merger, consolidation, or acquisition, or the sale of all or substantially all of the assets of the Agency or a Major Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the

termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

14. appointment of a successor trustee or additional trustee or the change of name of a trustee, if material.

(d) to EMMA, in a timely manner, notice of a failure to provide any Annual Financial Information required by clause (i)(a) of this Section 2.

(ii) The Agency may satisfy its obligations hereunder by filing any notice, document or information with the MSRB through its EMMA system, to the extent permitted or required by the SEC.

(iii) Other Information. Nothing herein shall be deemed to prevent the Agency from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Agency should disseminate any such additional information, the Agency shall not have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(iv) Disclaimer. The Agency and the Trustee shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and neither of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of the other party.

Section 3. Annual Financial Information.

(i) The required Annual Agency Financial Information shall consist of the following:

(A) financial and operating data relating to the Agency's All-Requirements Power Supply Project consisting of: (1) a description of the Agency's All-Requirements Power Supply Project; (2) information of the type included in the table captioned "Historical Capacity Requirements and Resources" under the heading "THE PROJECT" in the Official Statement for the three most recently completed fiscal years; (3) historical operating results for the All-Requirements Power Supply Project for the three most recently completed fiscal years, including net sales to cities and net power costs; and (4) information concerning the Agency's debt service requirements for the All-Requirements Power Supply Project;

(B) a presentation of the Agency's financial results in accordance with GAAP for the two most recent completed fiscal years for which that information is then currently available;

(C) material litigation related to any of the foregoing; together with

(D) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Agency.

(ii) The required Annual Major Participant Financial Information shall consist of the following:

(A) financial and operating data consisting of: (1) the information of the type contained in Appendix B to the Official Statement, other than the information contained under the headings “General”; (2) information concerning sales of electric services, customers, and non-coincident peak demand; and (3) a presentation of the Major Participants’ information concerning historical net energy requirements and peak demand;

(B) material litigation related to any of the foregoing; together with

(C) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Major Participants.

The type of financial information and operating data relating to the Agency described in Sections 3(i)(A), (B) and (C) is currently included in the Official Statement dated June 26, 2018 and relating to the Bonds under the headings “DEBT SERVICE REQUIREMENTS”, “THE PROJECT” and “LITIGATION”. The type of financial information and operating data relating to the Major Participants described in Sections 3(ii)(A), (B) and (C) is currently included in the Official Statement dated June 26, 2018 under the headings “THE PROJECT PARTICIPANTS”, APPENDIX A – “MEMBER PARTICIPATION IN EMMA PROJECTS” and APPENDIX B – “THE MAJOR PARTICIPANTS”. The requirements contained in this section are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of clause (i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

All or any portion of the Annual Financial Information may be incorporated therein by cross reference to any other documents which have been filed with (i) the MSRB through its EMMA system or (ii) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7 hereof) for each such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be

quantitative. A notice of any such change in accounting principles shall be sent to the MSRB through its EMMA system.

Information From Major Participants. The Agency agrees to request, obtain and provide, pursuant to the All-Requirements Power Supply Project Contracts or otherwise, Annual Major Participant Financial Information, Audited Major Participant Financial Statements, and information relating to any change in fiscal year and the basis on which audited financial statements are prepared, from time to time and in sufficient time to permit the Agency to comply with the provisions of this Agreement, and shall enforce such provisions of this Agreement; the failure of any Major Participant to furnish any such requested information or data shall not excuse the performance by the Agency of any of its obligations under this Agreement. Under the All-Requirements Power Supply Project Contracts, the Participants are required to furnish to the Agency, upon request all information, financial statements and other documents as shall be reasonably necessary in connection with the financing of the All-Requirements Power Supply Project.

Section 4. Financial Statements. The Audited Financial Statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

All or any portion of the Audited or Unaudited Financial Statements may be incorporated therein by specific reference to any other documents which have been filed with (i) the MSRB through its EMMA system or (ii) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere.

Section 5. Remedies. If the Agency shall fail to comply with any provision of this Agreement, then the Trustee or any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the Agency and any of its officers, agents and employees, and may compel the Agency or any of its officers, agents or employees to perform and carry out their duties under this Agreement; provided that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the Agency hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and, provided further, that any challenge to the adequacy of any information provided pursuant to Section 2 shall be brought only by the Trustee or the Holders of 25% in aggregate principal amount of the Bonds at the time outstanding which are affected thereby. Failure to comply with any provision of this Agreement shall not constitute a default under the Resolutions nor give right to the Trustee or any Holder to exercise any of the remedies under the Resolutions.

Section 6. Parties in Interest. This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds which, for the purposes of Section 5, include those beneficial owners of Bonds specified in the definition of Holder set forth in Section 1. For the purposes of such Section 5, such beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any Holders (except to the extent expressly provided below), the Agency and the Trustee at any time and from time to time may enter into any amendments or changes to this Agreement for any of the following purposes:

(i) to comply with or conform to Rule 15c2-12 or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional) which are applicable to the Agreement;

(ii) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Agency and the assumption by any such successor of the covenants of the Agency hereunder;

(iv) to add to the covenants of the Agency for the benefit of the Holders, or to surrender any right or power herein conferred upon the Agency; or

(v) for any other purpose as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Agency, or type of business conducted; provided that (1) the Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in circumstances, (2) the amendment or change either (a) does not materially impair the interests of Holders, as determined by bond counsel or (b) is approved by the vote or consent of Holders of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment or change and (3) the Trustee receives an opinion of bond counsel that such amendment is authorized or permitted by this Agreement.

Section 8. Termination. This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or legally defeased pursuant to the Resolutions (a "Legal Defeasance"); *provided, however,* that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and *provided, further,* that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance, the Agency shall provide notice of such defeasance to the MSRB through its EMMA system. Such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the Agency shall provide notice of such termination to the MSRB through its EMMA system.

Section 9. The Trustee.

(i) Except as otherwise set forth herein, this Agreement shall not create any obligation or duty on the part of the Trustee and the Trustee shall not be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) The Agency shall indemnify and hold harmless the Trustee in connection with this Agreement, to the same extent provided in the Resolutions for matters arising thereunder.

Section 10. Governing Law. This Agreement shall be governed by the laws of the State of Florida determined without regard to principles of conflict of law.

Section 11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but which together shall constitute one and the same Agreement.

[Remainder of page intentionally left blank; signatures appear on following page]

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

FLORIDA MUNICIPAL POWER AGENCY

By: _____

Name: Jacob Williams

Title: General Manager and CEO

TD BANK, NATIONAL ASSOCIATION,

as Trustee

By: _____

Name: David C. Leondi

Title: Vice President

Appendix B

Form of Notice to Major Participants

Date: [_____, ____]

TO: [Name, Title]
[Name of Project Participant] (the “_____”)

FROM: [Name, Title]
Florida Municipal Power Agency, on behalf of the [_____] Project

RE: Continuing Disclosure Agreement, dated as of [_____, ____], by and between Florida Municipal Power Agency, on behalf of the [_____] Project (the “Agency”) and [_____] as trustee (the “Trustee”) (as amended, modified, or supplemented from time to time, the “Continuing Disclosure Agreement”)

DATE: [_____, ____]

On [_____, ____], the Agency issued \$_____ in aggregate principal amount of its [Name of Bonds], Series _____ (the “Bonds”) for the [Name of Project] (the “Project”). In connection with the issuance of the Bonds, the Agency entered into a Continuing Disclosure Agreement which, among other things, requires the Agency to obtain and to provide or cause to be provided to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”) certain information about each of the participants in the Project which provide to FMPA at least 10.0% of the revenues for such Project in a fiscal year (each, a “Major Participant”). You are receiving this notice because as of the date hereof, the [Name of Participant] has been determined to be a Major Participant under the terms of the Continuing Disclosure Agreement.

As a Major Participant, you will need to submit the following information to FMPA:

(1) operating and financial information annually not later than [June 1]:¹

(A) financial and operating data consisting of: (1) the information of the type contained in Appendix B to the Official Statement (a copy of which is attached hereto), other than the information contained under the headings “General”; (2) information concerning sales of electric services, customers, and non-coincident peak demand; and (3) a presentation of the information concerning historical net energy requirements and peak demand;

(B) material litigation related to any of the foregoing; together with

(C) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of [Name of Participant]; and

¹The Agency is required to file the information on EMMA not later than nine months after the end of each fiscal year which is June 30.

(2) notice of the following events immediately upon their occurrence²:

(A) bankruptcy, insolvency, receivership or similar event of a Major Participant;

(B) the incurrence of a Financial Obligation (as defined below) of the Major Participant, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Major Participant, any of which affect holders of the Bonds, if material; and

(C) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Major Participant, any of which reflect financial difficulties.

“Financial Obligation” (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

For purposes of determining whether an obligation of the Commission is a “financial obligation” as defined above, the following guidelines shall apply:

(1) The term “financial obligation” does not include ordinary financial and operating liabilities incurred in the normal course of your business. The term is intended to pick up actual debt, debt-like obligations or obligations related to debt.

(2) Only leases where the Major Participant is lessee and the lease rentals are, to the knowledge of the Major Participant, pledged to repay a debt or operate as a way to borrow money shall constitute “financial obligations.” All other leases, whether or real property or equipment, entered into in the ordinary course of business shall not constitute “financial obligations.”

(3) Revolving credit agreements and commercial paper notes are “financial obligations”, but an event notice is only required to be filed when a major legal document associated with a revolving credit agreement or commercial paper note program is entered into or extended. An event notice need not be filed when the outstanding amount of the revolving credit line or commercial paper goes up or down because notes are issued or repaid.

(4) Only derivative obligations that have a direct nexus to a financial obligation need to be disclosed. Ordinary course commodity contracts would not need to be reported.

(5) [Other clarifications needed? Pending further internal discussion].

To ensure compliance with the notice events described above, FMPA hereby requests that you provide by email sent to the Treasurer of FMPA at [] not less frequently than monthly a statement confirming that no events requiring disclosure have occurred during the prior period and that you notify the Treasurer immediately after learning of any such event, regardless of materiality.

If you have any questions regarding this notice, please contact_____.

²FMPA is required to file notice each of these events on EMMA no later than 10 Business Days after the occurrence of such events.

Document comparison by Workshare 9 on Tuesday, September 10, 2019
10:47:41 AM

Input:	
Document 1 ID	netdocuments://4841-0396-3298/2
Description	FMPA Disclosure Procedures - 2019 Amendments
Document 2 ID	netdocuments://4841-0396-3298/3
Description	FMPA Disclosure Procedures - 2019 Amendments
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	170
Deletions	17
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	187

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**b. Solar Project Development Fund
Usage**

**Board of Directors Meeting
September 19, 2019**



9b – Solar Project Development Fund Usage

FMIPA Board of Directors

September 19, 2019

Requested New Usage of Development Fund

Solar Project and ARP Solar Participants

- Funding for Legal Support for Transmission Service Complaint Against Duke Energy Florida.
- Harmony Interconnection Substation Cost Sharing.
- An additional amount for future unexpected expenses or Phase II development.

Facility (Interconnection)	Capacity	OUC	ARP	Solar Project
Taylor Creek (OUC)	74.5	74.5	0.0	0.0
Harmony (OUC)	74.5	34.0	40.5	0.0
Poinsett (DEF)	74.5	0.0	17.5	57.0
Total	223.5 MW	108.5 MW	58.0 MW	57.0 MW

Development Fund Used to Initiate Solar Project

Allocated Based on Solar Entitlement

- Board previously authorized \$200,000 in Development Funds to be used for Solar Project I Development
 - Development Fund expenditures at time of project approval were ~\$135,000
- Additional legal expenses: ~\$69,000
- Harmony interconnection costs: up to \$870,000
- Future unknown expenses / development: up to \$126,000
- Total requested additional authorization: **\$1,000,000**

Funding for Legal Support

Summary of Issue

- DEF denied Poinsett Solar Facility transmission service requests
 - Improperly required executed interconnection agreement prior to studying transmission service requests
- FMPA filed FERC complaint, arguing that DEF's practices
 - Violate DEF's Open Access Transmission Tariff (OATT)
 - Are inconsistent with FERC precedent allowing simultaneous requests
 - Contradict FERC's existing orders on interconnection

FMPA Filed Complaint at FERC Against Duke Energy

DEF Improperly Denied Poinsett Transmission Service Requests

- FERC ruled in favor of FMPA, finding that DEF's practice of requiring an interconnection agreement before a customer can submit a valid transmission service request violates DEF's Open Access Transmission Tariff and Business Practices and FERC precedent.
- Spiegel & McDiarmid, FMPA's FERC counsel, provided legal assistance on the filing
- Invoices for the effort total to **\$68,669.40**

Harmony Interconnection Substation Cost Sharing

PPA Does Not Adequately Address

- Florida Renewable Partners and OUC (as the transmission provider for Harmony) have agreed on how to move forward with interconnection
 - Letter agreement to cover cost sharing and substation design
- OUC will need reimbursement for ARP's share of the costs upon commercial operation of Harmony Solar
 - A letter agreement outlining responsibilities will be brought back to Solar Participants and Executive Committee for approval once finalized

ARP Solar Participants Advisory Committee

Request to Use FMPA Development Fund

- Total Cost for Interconnection Substation: \$2.2 Million
 - FRP share: \$600,000 (\$1.6 Million balance)
 - ARP cost for 54.36% share of Harmony not to exceed **\$870,000**
- ARP Solar Participants Advisory Committee met on June 13th
 - Voted to request use of the FMPA Development Fund with repayment by the ARP Solar Participants over the first 20 years of the solar PPA

Additional Authorization for Future Solar Use

Each Expense Subject to Board / EC / Subcommittee Approval

- NOT *currently* expecting additional expenses related to solar development.
- Having funding mechanism in place ahead of time helps streamline solar participants' decision process.
- Requesting authorization for up to **\$126,000** in additional solar related expenses.
- Any expenses would be approved by and allocated to the appropriate solar participants.

Requested Use of Development Funds for Solar

For Approval at October Board and EC Meetings

Expected action items:

- Authorization of an additional \$1,000,000 in funding from the FMPA Development Fund for joint-action solar projects, which with previously authorized amounts results in a total authorization of \$1,200,000 and
- Funding FERC legal counsel expenses related to the solar transmission service request denial complaint filing out of the FMPA Development Fund authorized amounts with allocation to appropriate solar participants and
- Funding Harmony interconnection expenses out of the FMPA Development Fund authorized amounts with allocation to appropriate solar participants.

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**c. Update on FP&L Transmission
Rate Increases**

**Board of Directors Meeting
September 19, 2019**



BOD 9c-EC9b – FPL Rate Increase Update

Board of Directors & Executive Committee

September 19, 2019

FPL Rate Increase

- FPL filed an application with FERC mid August to update its network and point-to-point transmission service converting to formula rates. Planned effective date of 11/1/19.
 - Proposed formula rate produces a rate of \$2.10/kW-month based on 2019 projections (the current rate is \$1.59/kW-month)
- The filing also updated FPL's rate for – Reactive Supply and Voltage Control Service
 - Proposed new rate is \$0.1757/kW-month, derived using *AEP* methodology (current rate is \$0.1008/kW-month)
- FPL on 9/3 posted their 2020 formula rate projections that would become effective 1/1/20.
 - 2020 updated formula rate adjusted to \$2.36/kW-month. Essentially 12.4% higher than November increase and 48% higher than current rate.

FPL Filing Means Unanticipated Impact to FY 2020 ARP Costs

- FY 2020 ARP Budget not reflective of FPL transmission rate increase
- Estimated FY2020 cost impact to ARP for 11 months of higher rates is now \$3.2 million (\$0.57/MWh)
- Settlement discussions, delay in effective date, true-up process are factors that could potentially help to reduce some of the cost impact
- Secured costs resulting from the physical gas purchases at levels below budget should help ARP absorb a substantial part of the increased FPL transmission costs in FY 2020

FMPA working with Peers & Outside Support

- Legal (Spiegel & McDiarmid) and consulting (nFront) assistance
- FMPA coordinating with other major FPL transmission customers (Seminole, Lee County Electric Cooperative, FKEC). Joint meeting scheduled with FPL on 9/16.
- FMPA plans to file protest with FERC on 9/20
- FMPA will seek 5-month suspension of November effective date
- If suspension approved by FERC, formula rate could be effective 4/1/20.
- FMPA continuing discussion with members with significant FPL transmission cost exposure to offer assistance with analysis and settlement discussions



Questions?

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**d. Human Resources Quarterly
Report to the Board**

**Board of Directors Meeting
September 19, 2019**



9d –HR Quarterly Report


Board of Directors
September 2019

Review of FY 2019

- CEO Management Goals
- Improved Performance Management and Feedback Processes
- Internal Coach for Leadership
- Succession Planning and Talent Pools
- Turnover Opportunities
- Employee Pulse Survey

CEO Management Goals

One Outstanding Recommendation to Complete

1. Address perceived gender and age bias
2. Include HR as a strategic partner
3. BOD should add a “people” component to the strategic goals
4. Improve performance appraisals and feedback
5. Hire external Coach
6. Enhance EEO training
-  7. Add Ethics training - Legal team developing
8. More consistency for flexible time for team
9. Increase and Improve communications
10. Ensure no retaliation
11. Provide updates to the BOD on implementation of recommendations

Performance Management

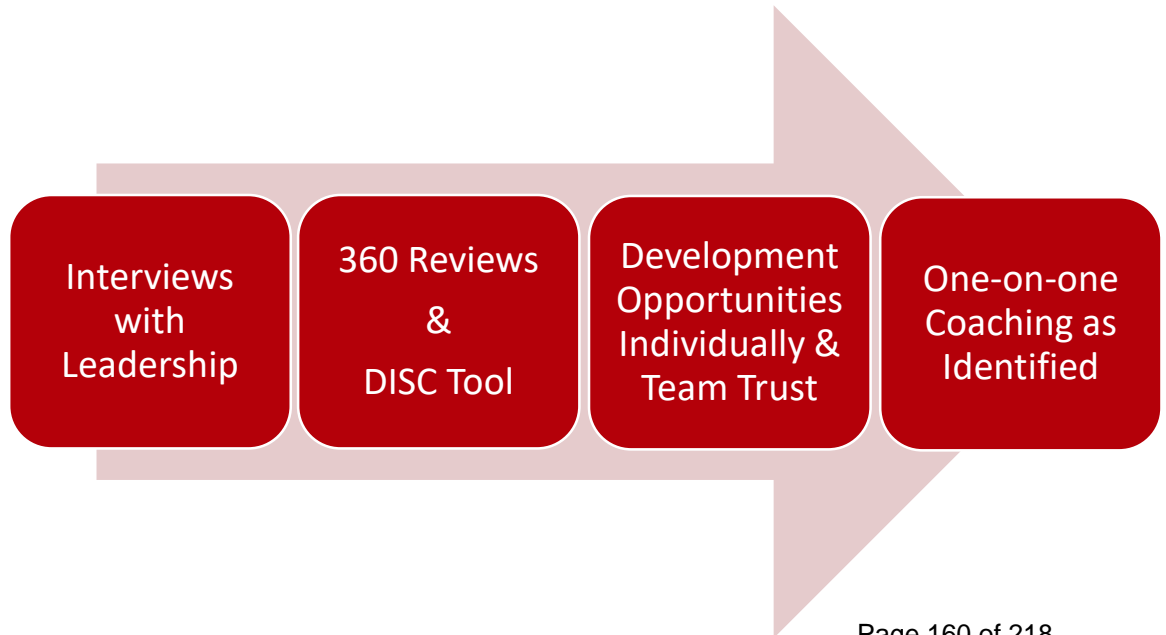
Improved Evaluations

- Three Evaluation Forms
 - Non-Manager
 - Manager
 - Leadership
- More regular feedback sessions with team members
- More Emphasis on Management for Managers
- More Emphasis on Strategic Priorities and Development for Team Members from the Leadership Team
- Feedback training for Managers and Leaders in October

Professional Development Coach

Leadership Development Process

- Interviews complete in July
- 360 Feedback Collected August
- Leadership Team 1 – 1 with Coach in August
- Individual Follow-up on going
- Leadership Trust and Team Development October 3



Succession Planning

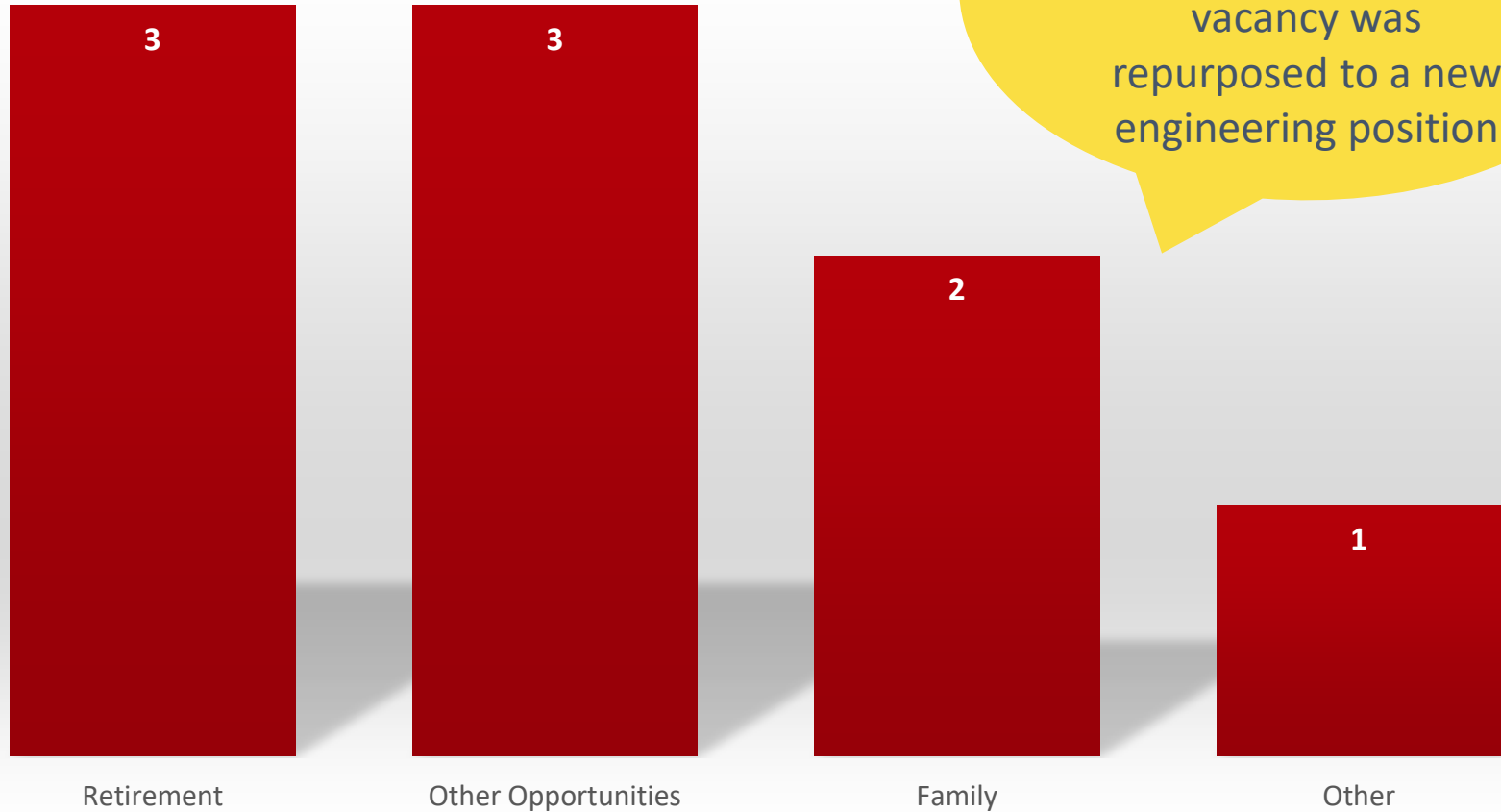
Manager's identified team members that are high performers and retention risks

3.6 Average Appraisal Score

Potential for Promotion				
		2	2	High Potential – potential to move up 2-3 levels.
		9	7	Promotable – potential to move up 1 level.
	5	22	5	Well Placed in current role or Needs development in current role.
	0 – 3.20	3.25 – 3.70	3.75 – 5.0	
	Last Appraisal Score			

Turnover to Opportunities

FY 2019 Turnover



New Hires Enhanced Critical Areas

- Enhanced our ability to support Members via new hires in:
 - Engineering Services
 - System Operations
- Added analytical capacity Planning and Budget Department within Finance
- Strengthened the expertise and leadership in Accounting
- Treasury now has back up for critical investment functions
- More resources in social media and external affairs
- Many new hires with long term development potential
- Created new opportunities for succession planning

Employee Pulse Survey On Going Follow Up

The leaders at FMPA demonstrate that people are important to the company's success.

63%

16%

21%

Most of the systems and processes here support us getting our work done effectively.

62%

17%

21%

I believe there are good career opportunities for me at FMPA.

43%

30%

27%

When it is clear that someone is not delivering in their role we do something about it.

27%

41%

32%



Questions

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**e. Recommended Risk Policy
Changes**

**Board of Directors Meeting
September 19, 2019**



9e – Recommended Risk Policy Changes

FMIPA Board of Directors

September 19, 2019

Summary of Policy Review Process

- Policies are reviewed annually to
 - Determine operational effectiveness
 - Increase awareness and compliance
 - Serve as a tool for revision of policies as necessary

Policies Covered This Cycle

- **Credit Policy** : Establishes the governance, framework, and the controls under which FMPA may extend credit to counterparties. This Policy is Appendix E of the FMPA Risk Management Policy.
- **FMPA Risk Policy** : Establishes the governance, framework, and controls under which FMPA engages in enterprise risk management.
- **Investment Policy** : Identify, measure and minimize future business risk resulting from the investment and management of FMPA's financial assets. This Policy is Appendix C of the FMPA Risk Management Policy.

Recommended Changes

- Refine the Credit Policy to lower approval thresholds (Section 4.1) from \$10 million down to \$5 million, this will provide greater oversight
- Removal of Risk Policy external review of enterprise risk management every five years (Section 4.0)
- Change Investment Policy to increase corporate notes from 10% to 20% of the portfolio (Section 5.5).



Discussion

**RISK MANAGEMENT POLICY
APPENDIX E**

FLORIDA MUNICIPAL POWER AGENCY

CREDIT RISK MANAGEMENT POLICY

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CREDIT RISK MANAGEMENT POLICY

FLORIDA MUNICIPAL POWER AGENCY

This Credit Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework, and the controls under which Florida Municipal Power Agency (FMPA) may extend credit to counterparties. This Policy is Appendix E of the FMPA Risk Management Policy.

1.0 Policy Statement

The Board of Directors and Executive Committee of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms in place, such as those more fully described in this Policy, that will control, transfer or mitigate these risks so that, to the extent possible, there will not be an adverse effect on FMPA’s ability to provide reliable, affordable power to its members.

It is the Policy of the Board of Directors and Executive Committee that:

- ❖ Authority is delegated to the Treasurer and Risk Director to create procedures to administer this Policy.
- ❖ This Policy shall apply only to those material transactions as defined herein or to transactions otherwise specified by the ~~AROC~~ [Finance Committee \(FC\)](#).
- ❖ Material transactions shall be transacted only with qualified counterparties.
- ❖ Counterparty transactions shall be approved by the appropriate body or bodies according to the approval threshold levels described herein.
- ❖ A list of active approved counterparty transactions shall accompany this Policy in Appendix A, and shall be updated as necessary.

- ❖ The Treasurer and Risk Director shall report deviations and other reports as required in this Policy to the FC.

This Policy serves as a framework that enables the Treasurer and Risk Director to minimize the financial impact of unfavorable outcomes of credit risks by establishing minimum standards to systematically identify potential exposure to credit risks and measure the possible impact of those risks.

2.0 Scope and Authority

This Policy applies to all material counterparty transactions (as defined in 2.2 below) in which FMPA extends credit to a counterparty. For this Policy “extends credit” is defined as any agreement where repayment or satisfaction to FMPA of a debt and/or claim to goods and services is deferred to some future date. Material transactions may include, but are not limited to, contracts, reoccurring vendors, purchase power agreements, construction vendors and limited use vendors.

2.1 Authority: The Board of Directors’ and Executive Committee’s authority to create this Policy is derived from the Interlocal Agreement establishing FMPA. The Board of Directors and Executive Committee have delegated authority to the Team (Treasurer and Risk Director and assigned staff (T&RD)), as the operational arm of the FC, to administer this Policy. The ~~RM~~TT&RD may deviate from this Policy when deemed necessary but the Treasurer and Risk Director must report all deviations to the FC within 5 business days.

2.2 Materiality: For this Policy, materiality is defined as any transaction(s) involving a single counterparty where the present value of financial loss potential resulting from the counterparty’s non-performance exceeds ~~\$10,000,000~~\$5,000,000. All transactions for a single counterparty shall be

included in the calculation of financial loss potential. The [RMTT&RD](#) has authority to determine that specific transactions which are less than the materiality threshold but are determined to represent a significant credit risk to the Agency will be governed by this Policy, on a case-by-case basis.

3.0 Types of Credit Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's ability to provide reliable affordable power to its Members. The Treasurer and Risk Director shall cause procedures to be written that identify the credit risks noted below and provide ways to measure, control, and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risk encountered by FMPA during the normal course of the business cycle, the following provides insight into FMPA's credit risk exposure.

3.1 Counterparty Risk: The risk that a counterparty will fail to deliver on an obligation. An example of counterparty risk might occur if a Member defaulted on a financial obligation due to FMPA under the terms of a power supply contract. This default would expose FMPA to potential financial loss as well as strategic and reputation risk. The level of concentration of the counterparty in the overall transaction portfolio can compound counterparty risk.

3.2 Transaction Risk: The inherent risk in all transactions that fraud, error, or changes to law, regulation or custom will place the expected performance of the transaction in jeopardy. Transaction risks generally increase as the time between entering into a contract and the delivery of goods and/or services increases. An example of transaction risk might occur if FMPA entered into a prepaid contract with a counterparty for future delivery of natural gas. If the

Internal Revenue Service reinterprets their ruling on the legality of such transactions, the prepaid contract may become void and unenforceable. FMPA would then be exposed to the current market price of natural gas, which may or may not be favorable at the time of the non-performance. Again, the level of concentration of the counterparty can compound this transaction risk.

4.0 Evaluation and Approval of Counterparty Transactions

Managers are responsible for nominating counterparty transactions to the RMFT&RD for evaluation. Upon nomination, Risk Management T&RD -staff shall calculate the present value of financial loss potential. Transactions determined to be below the materiality threshold are not subject to this Policy. For material transactions, Risk Management -staff T&RD shall conduct a counterparty credit evaluation and report the results to the nominating manager. The nominating manager shall then submit a formal written plan for managing the identified credit risks to the RMFT&RD. Some tools may be but not limited to for mitigating credit risk are Letter of Credit, deposit, parent company guarantees and netting transactions. The Treasurer and Risk Director T&RD shall cause to be established Credit Risk ~~P~~rocedures to facilitate the completion of the financial loss potential calculation and the credit evaluation.

4.1 Approval Thresholds: The following credit risk management approval thresholds apply to material counterparty transactions:

Present Value of Financial Loss Potential	Authority to Approve Credit
\$ 105 million - \$ 1050 million	<u>T&RD and nominating manager</u> <u>Risk Management Team</u>
\$ 5010 million - \$ 5100 million	Finance Committee
Greater than \$ 1050 million	Governing Body (BOD/EC)

All material counterparty transactions and the accompanying credit risk management plan must be presented to the [RMFT&RD](#) for approval. Upon [RMFT&RD](#) approval, transactions greater than \$~~150~~ million shall be forwarded to the FC for approval of the credit risk management plan. Upon FC approval, transactions greater than \$~~1050~~ million shall be forwarded to the appropriate governing body for approval of the credit risk management plan. The approvals prescribed here address the credit risk management plan for a counterparty transaction; all transactions are also subject to any applicable FMPA Policies on spending authorities or purchasing requirements.

4.2 Counterparty Transaction List: The Treasurer and Risk Director shall cause to be maintained a list of counterparty transactions that have been approved as described in Section 4.0 and are therefore subject to ongoing credit reviews. The Active Counterparty Transaction List is shown in Appendix A of this Policy. Appendix A shall be updated as necessary to reflect changes in active counterparty transactions and approvals by the [RMFT&RD](#), FC, Executive Committee and Board of Directors and is therefore exempt from Section 6.0 of the FMPA Risk Management Policy requiring Board of Director and Executive Committee approval for changes.

5.0 Reporting

The Treasurer and Risk Director shall cause a credit file to be maintained for each approved material counterparty transaction. The Treasurer and Risk Director shall cause each such file to be ~~continuously monitored, and a formal~~ reviewed ~~conducted every six months~~[annually](#). This formal review shall include an analysis of credit extended and current credit balance to determine any credit limit overage. Any credit limit overage shall be documented in the counterparty's credit file and reported to the [ROCFC](#) within 5 business days. The Treasurer and Risk Director

shall cause any other significant changes to the credit file to be reported to the FC as needed.

The Treasurer and Risk Director shall cause any deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be completed by the [AROC-FC](#) as described in Section 7.0 of the FMPA Risk Management Policy. Managers shall report as needed on the current risk environment affecting a proposed or current counterparty to the [RMTT&RD](#), and engage any necessary discussion before moving related items to the [AROC-FC](#).

APPENDIX A

ACTIVE COUNTERPARTY TRANSACTIONS LIST

This list contains the material counterparty transactions approved by the Team, Executive Committee or Board of Directors on or after the effective date of this Policy. These active counterparty transactions have a credit file and are subject to ongoing credit review.

AEGIS

Bank of America

~~Bank of New York~~

~~Credit Agricole~~

~~Citicorp~~

~~Dexia~~

~~Energy Mutual Insurance~~

~~Florida Gas Transmission~~

~~Florida Gas Utility~~

Florida Power and Light

FM Global

Goldman Sachs

~~Hartford~~

~~JP Morgan Chase~~

~~JP Morgan Ventures Energy~~

Lakeland Electric

Morgan Stanley

Orlando Utilities Commission

~~Quiney, City of~~

~~SG Resources Mississippi, LLC~~

~~Southern Company—Florida, LLC~~

SunTrust

~~Tampa Electric Company (Peoples Gas)~~

~~The Energy Authority~~

~~Transeo~~

~~UBS~~

Wells Fargo

Updated ~~August 19, 2011~~ 07/15/2019

APPENDIX B

Florida Municipal Power Agency Risk Management Reporting Calendar Credit Risk Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Link to Policy Reference
Counterparty Evaluation	As needed	Treasurer and Risk Director	Section 4.0	Evaluation and Approval of Counterparty Transactions
Credit File Review	Every 6 months	Treasurer and Risk Director	Section 5.0	Reporting
Credit Limit Overages	As needed	Treasurer and Risk Director	Section 5.0	Reporting
Deviations from Policy	As needed	Treasurer and Risk Director	Section 5.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 5.0	Reporting

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY

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RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Risk Management Policy (the "Policy") and subordinate policies and procedures establish the governance, framework, and controls under which Florida Municipal Power Agency ("FMPA") engages in enterprise risk management.

1.0 Policy Statement

Enterprise risk management utilizes the Agency's organizational structure, procedures, processes, and resources to identify, measure, monitor and report risks. As a result of these efforts the Agency will manage risk by choosing to eliminate, transfer, reduce, or accept some or all of each identified risk. The Executive Committee (EC) and Board of Directors (BOD) of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. It is the objective of this Risk Management Policy to formalize the enterprise risk management process so that financial and strategic impacts of unfavorable outcomes are minimized.

The following summarizes the Policy of the EC and BOD:

- ❖ The Finance Committee (FC) is authorized to oversee the administration of this Policy as detailed in Section 4.1.
- ❖ As detailed in Section 4.3, the Risk Management Team (Treasurer and Risk Director, along with designated staff) shall function as the operational arm of the FC to identify, measure, monitor and report on FMPA's business risks
- ❖ The Treasurer and Risk Director is designated the Agency Risk Manager, and shall cause risks to be reported to the FC as described in Section 4.3.
- ❖ Each defined Agency activity will have separately approved risk management policy as an Appendix to this Policy as listed in Section 5.0.
- ❖ This Policy and all Appendices shall consider the credit rating implications of risk management actions as described in Section 5.0

- ❖ The Internal Audit Manager must provide or cause to be provided written risk assessments to the FC at least annually as detailed in Section 7.0.

2.0 Types of Risk

This Policy establishes minimum standards for risk awareness and enterprise risk management to minimize unfavorable outcomes of risk. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides definitions for major categories of risk exposures at FMPA, as established by the 2004 Deloitte & Touche risk assessment. Each Policy Appendix further describes these risks as applicable to specific Agency functions.

2.1 Operational Risk:

The potential economic loss caused by ineffectiveness, inefficiency or loss of power generation, transmission or fuel supply facilities or assets.

2.2 Market Risk:

The risk of potential change in the value of an asset caused by adverse changes in market factors.

2.3 Environmental Risk:

The potential environmental impact associated with a failure to comply with federal and state environmental regulations

2.4 Volumetric Risk:

The potential adverse impact of unanticipated changes in supply or demand of resources and/or obligations.

2.5 Regulatory Risk:

The potential adverse impact of an action or direction from a regulatory body such as, but not limited to, FERC, EPA, DOE, or IRS.

2.6 Strategic Risk:

The risk that the policies and actions of a governing body or management do not promote the successful attainment of strategic goals and objectives.

2.7 Legal Risk:

The potential financial losses incurred through an unauthorized deviation from any legal commitments under local, state, federal law or contracts.

2.8 Reputational Risk:

The potential losses incurred when stakeholders or the public negatively perceive an organization.

2.9 Credit Risk:

The potential of financial losses due to the failure of counterparties to fulfill the terms of a contract on a timely basis, or adverse changes to credit ratings of an organization.

2.10 Administrative Risk:

The potential of financial loss due to deficiencies in internal control structure and management reporting due to human error, fraud or a system failure.

3.0 Enterprise Risk Management Program

This Policy applies to all business activities of the Agency. FMPA has established the following four components for its enterprise risk management program.

3.1 Governance:

Strong organizational governance paths, from employee to governing body, back to employee, are essential for facilitating risk communication up and down the Agency. See Section 4.0 for further details on FMPA's risk management governance structure.

3.2 Internal Control:

Internal control is the system of processes and people designed to provide reasonable assurance that the Agency is able to meet its strategic goals. See Sections 4.0, 5.0 and all Policy Appendices for further details on FMPA's internal control system.

3.3 Risk Framework:

The risk framework of the Agency provides the general structure of the enterprise risk management program. FMPA's risk framework components address the following:

- Risk appetite for each risk category
- Risk tolerances within risk appetite
- Risk aware culture
- Risk metrics
- Risk policies

See Sections 4.0 and 5.0 for further details on specific risk management activities and risk assessment.

3.4 Monitoring and Reporting:

The enterprise risk management program of the Agency must be monitored and reported on so that staff and governing bodies can make decisions inclusive of current and emerging risks. The Agency has established a Risk Management Team (RMT) to facilitate risk monitoring and reporting. See Sections 4.3 and 7.0 for further details on risk monitoring and reporting for the Agency

4.0 Risk Management Governance:

The Agency's enterprise risk management program begins with recognition of the parties (~~Agency Risk Manager, RMT, Internal Audit Manager and staff~~, employees and governing bodies) with responsibilities under this Policy. The risk management governance structure includes the key elements outlined below:

- Segregation of duties among the parties in the enterprise risk management program.
- Independence of the Agency Risk Manager such that risk and control information flows without restriction or bias due to self-interest.
- All FMPA staff are required to work in cooperation with the RMT to facilitate risk management processes.
- ~~The Agency Risk Manager shall coordinate periodic reviews of the enterprise risk management program conducted by an independent, external party with expertise in risk management. The Agency Risk Manager shall include such a review in the budget process at least every five years.~~

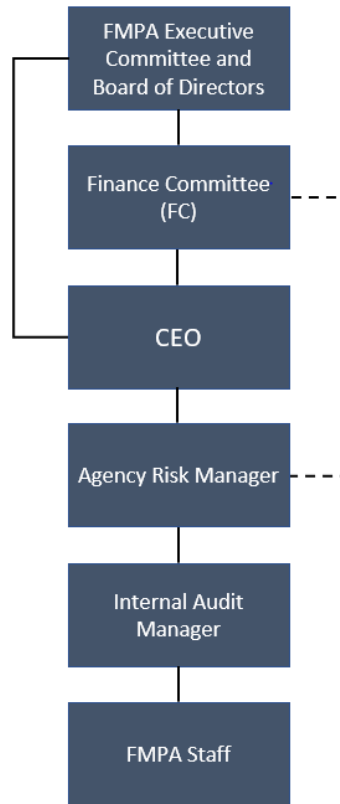
4.24.1 Oversight Structure- Finance Committee:

Members are appointed to the FC according to the Committee Charter. The FC shall oversee the administration of this Policy and any subsequent procedures relating to Agency risk management activities.

This Policy and all included appendices shall be reviewed on at least an annual basis by the Internal Audit Department. Completed policy compliance reviews shall be reported to the FC. The Agency Risk Manager will from time to time report to the FC on Agency risks as described in Section 2.0.

The Agency Risk Manager may use discretion to report Policy violations directly to the General Manager and/or the FC as deemed necessary. The FC shall advise the Agency Risk Manager and the General Manager on desired next steps for addressing the Policy violation.

4.34.2 Organizational Structure for Risk Control



4.44.3 Delegation of Authority:

It is recognized that there are times when a member of the FMPA management team may be absent for some period of time. Through the use of FMPA’s “Delegation of Authority” form, any management team member can designate a direct report to fulfill all of their respective organizational responsibilities during their absence, without limitation.

If a member of the management team has failed to delegate their authority, the manager to whom the member reports has the expanded authority to either assume that member’s organizational responsibilities or to delegate such to a subordinate of the member. Upon such action, any and all rights provided by the “Delegation of

Authority” form will be authorized as if the form had been completed prior to their absence.

4.54.4 Risk Management Team:

The RMT is the operational arm of the FC. The mission of the RMT is to facilitate the effective identification, monitoring and reporting of the Agency's risks in support of achieving the goals of the Agency and all of the Agency's Projects, in accordance with this Policy. The RMT is responsible for facilitating an enterprise risk management culture and fulfilling compliance and reporting roles as appropriate. It remains the responsibility of the ~~General Manager~~CEO and governing bodies to set risk appetites and tolerances and to establish risk management strategies.

The Treasurer and Risk Director is designated FMPA's Agency Risk Manager, and is responsible for causing FMPA's risk exposures to be prioritized and reported to the FC. Risks are prioritized by the RMT using the Agency's risk framework for level of severity, likelihood of occurrence, and quality of controls, as well as the judgment of the Agency Risk Manager.

5.0 Risk Management Strategies:

The Agency is subject to numerous risks. These risks can arise from actions taken (or not taken) by Agency staff, parties external to the Agency and from "acts of God." The following Agency activities shall have risk management policies approved by the FC and appropriate governing body, consistent with this Policy and included as Appendices to it.

Natural Gas and Fuel Oil Management	Appendix A
Debt Management Investment	Appendix B
Investment Management	Appendix C
Insurance Program Management	Appendix D
Credit Risk Management	Appendix E
Contract Administration	Appendix F
Statutory and Regulatory Matters	Appendix G
Power Supply and Resource Planning	Appendix H

Asset Management and Operations	Appendix I
Accounting and Internal Controls	Appendix J
Origination Transaction Management	Appendix K
Records Management	Appendix L
Contingency Planning	Appendix M
Human Resource Management	Appendix N
Information Technology	Appendix O

6.0 Risk Assessment and Evaluation

Section 2.0 of this Policy establishes FMPA's risk categories to assist with identifying critical risk factors during decision-making. These risk categories will be used in the process of assessing risk and to facilitate independent measurement of risk by providing common understanding of risks.

When deciding between two or more competing alternate courses, each course of action or decision should be evaluated using the risk framework (Section 3.3). Components of the Agency's risk framework shall be used as a reference for risk assessments presented to the FC and governing bodies. Specific risk assessment and evaluation criteria are established in each of the Policy Appendices.

7.0 Review and Revisions to Policy

The FC is granted authority by the Board of Directors and Executive Committee of FMPA to oversee this Policy. The FC directs the Internal Audit Manager to cause a review of the operation and effectiveness of this Policy through risk assessment reports. The Internal Audit Manager shall present or cause to be presented a written risk assessment report to the FC for approval at least annually. The risk assessment report shall include a synopsis of the current state of the enterprise risk management program.

Based on the findings of each risk assessment report, the FC may make recommendations regarding risk management processes to the CEO and Internal Audit Manager, and if appropriate, recommend a course of action promoting changes to this Policy to the Board of Directors and/or Executive Committee. This Policy may be changed only with approval of the appropriate governing body.

The appropriate governing bodies may, as business needs arise, approve changes to this Policy outside of the annual review process described above.

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX C

INVESTMENT RISK MANAGEMENT POLICY

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INVESTMENT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Investment Risk Management Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and the controls under which Florida Municipal Power Agency (FMPA) may engage in activities to identify, measure and minimize future business risk resulting from the investment and management of FMPA’s financial assets. This Policy is Appendix C of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee (EC) and Board of Directors (BOD) of FMPA recognize that FMPA is exposed to various risks in the normal course of business activities. There may be times when FMPA will determine that certain risks are above the preferred risk tolerance level of FMPA and its members. FMPA is hereby authorized to put mechanisms into place, such as those more fully described in Sections 3.0 and 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse effect on FMPA’s ability to invest funds of the Agency and its Projects in a manner that will balance investment return with principal security, such that FMPA will meet the daily and long term cash flow demands of the Agency and its Projects.

It is the Policy of the EC and BOD that:

- ❖ The investment program shall conform to all federal, state, and local legal requirements.
- ❖ Authority is delegated to the Chief Financial Officer (CFO) to create procedures to administer this Policy.
- ❖ The preservation of capital is the foremost objective of the risk-considered investment practice strategies.
- ❖ Investments using derivatives is prohibited unless specifically approved by the EC or BOD.
- ❖ The CFO shall establish benchmarks against which portfolio performance shall be compared regularly.

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

- ❖ Authority is delegated to the CFO to establish a system of written internal controls to regulate investment activities.
- ❖ The Treasurer and Risk Director and Risk Director shall provide investment reports for each regular meeting of the EC and BOD.
- ❖ Deviations from this Policy shall be reported to the Finance Committee (FC).

This Policy is created to ensure the prudent management of the Agency's and its Projects' funds, and the availability of operating funds, bond proceeds and capital funds as needed. This Policy is applied individually to each Project, not in any combination of Projects. This Policy applies to all monetary assets of the Agency and all Projects with the exception of employee deferred contribution funds. The Agency's employees' employee deferred contribution funds are placed with a third party administrator and are self-managed by the employees.

The standard of prudence to be used by FMPA investment staff shall be the "prudent person" rule as defined in Florida Statute 218.415: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

2.0 Scope

Investments purchased by the Agency shall conform to all federal, state, and local legal requirements governing the investment of Public Funds, including all bond resolutions and ordinances adopted by the EC or BOD. Responsibility for investment decisions, including day-to-day transactions undertaken, is hereby delegated to the Treasurer and Risk Director or designated Treasury staff, under the direction of the CFO. No person may engage in an investment transaction except as provided under the terms of this Policy.

Positions authorized as investment signatories are: FMPA's General Manager and CEO, CFO, Chief Operating Officer-Power Resources, and Executive Officer Public Relations and Human Resources. FMPA may appoint an outside investment manager as "Agent" for the

Agency's cash and investment reserves. The outside investment manager must meet the requirements detailed in the Investment Procedures.

3.0 Types of Investment Risk

This Policy is intended to define responsibility, clarify investment goals, establish strategies, achieve stated goals and set up the method of evaluation and control of all investment operations. The CFO will cause Investment Procedures to be written that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of investment risk exposure for FMPA

3.1 Credit Risk:

The risk that a change in the credit quality of an institution will affect the value of a security or portfolio. An example of credit risk might occur if the issuer of a bond that FMPA has purchased as an investment defaults on its obligations, causing the loss of some or all of the investment value. Such risks can be reduced by diversifying securities and maturities.

3.2 Liquidity Risk:

The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Some investments are highly liquid and have low liquidity risk (such as money market funds) while other investments are highly illiquid and have high liquidity risk (such as real estate). An example of liquidity risk might occur if FMPA attempted to convert an investment into cash for operating needs, but was unable to do so due to the illiquid nature of the security. Such risk can be reduced by selecting investments with the liquidity to meet FMPA's cash flow needs.

4.0 Investment Objectives

Investment selections should balance the primary objectives of FMPA's investment program. In priority order, the objectives are

4.1 Safety:

Preservation of capital in the overall portfolio is the highest of the risk based investment practice objectives. To attain this objective, investment securities shall be selected from those deemed authorized and suitable as described in Section 5.0 of this Policy. Speculative strategies shall not be undertaken. Management defines speculation as the process of selecting investments in an attempt to profit from fluctuations in prices.

4.2 Liquidity:

The portfolio should be structured so that securities mature concurrent with cash needs to meet anticipated demands. Investments considered to be liquid are those held until maturity where maturity is less than 3 months. A sufficient level of liquidity must be maintained to meet the next thirty days of expected operating expenses and other disbursements, plus an extra, reasonable amount to meet unusual and unexpected needs.

4.3 Return:

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio. Funds should be invested in high credit quality investment instruments (as allowed by Project Bond Resolutions and summarized in Appendix A) in anticipation of achieving a fair return. The methods used in selecting investments should balance market, credit, and liquidity risks.

5.0 Authorized and Suitable Investment Securities

FMPA is empowered by Ordinance 87-1, as amended, to invest in the types of securities listed in Appendix A for the Agency and its Projects. FMPA may swap securities for other securities to improve yield, maturity or reduce credit risk. Investment in securities that "derive" their value through financially engineered derivative indices or are highly interest rate sensitive are not permissible unless specifically recommended in writing and approved by the EC or BOD. FMPA will not allow leveraging (the borrowing of funds for the expressed purpose of reinvesting those funds), or invest in securities with a rating below that

required in Appendix A at time of purchase. The Treasurer and Risk Director must report on a monthly basis any security whose rating has fallen below the rating level identified in Appendix A after purchase and submit a rationale for maintaining such security if it has not been sold

5.1 Authorized Financial Institutions, Depositories, and Broker/Dealers:

The Treasurer and Risk Director will cause to be maintained a list of financial institutions and depositories that meet the qualifications detailed in the Investment Procedures and are authorized to provide investment services. An annual (each fiscal year) review of the ratings from national rating agencies and financial condition of all qualified financial institutions and broker/dealers will be conducted in accordance with Investment Procedures.

5.2 Method of Selection:

FMPA shall select securities which provide the highest rate of return within the risk parameters of this policy, given the current objectives, diversification, cash flow needs, and maturity requirements. Selection of securities shall be made using either competitive bids, wherein FMPA solicits proposals from at least three firms; or comparison to the current market price as indicated by one of the market pricing resources available, including but not limited to Bloomberg. Records will be kept of the bids or offers, the bids or offers accepted and if necessary a brief explanation of the decision which was made regarding the investment.

5.3 Maximum Maturities:

The funds of Agency and Project Operating accounts are invested to achieve a market rate of return while meeting the Agency's and its Projects' cash flow needs. FMPA will match investment maturities with known cash needs and anticipated cash flow requirements, not to exceed maximum maturity requirements.

Unless matched to a specific cash flow, FMPA shall invest securities maturing in accordance to Appendix B and the following.

Fund/Account	Invested to Mature as Shown
<i>Operations and Maintenance Fund</i>	
1. Operations and Maintenance Account	Within 12 months from investment date. (Depends on cash flow needs)
2. Working Capital Account	Within 5 years.
3. Rate Stabilization Account	Within 5 years.
<i>Debt Service Fund</i>	
1. Debt Service Account	Not later than when needed for payment to be made from such Account.
2. Debt Service Reserve	Not later than the final maturity date of any Bonds that are outstanding.
3. Subordinated Debt Fund	Not later than when needed for payment to be made from such Account.
<i>Construction Fund or Proceeds Fund</i>	Not later than when needed for payments to be made from such fund.
<i>Reserve and Contingency Fund</i>	
1. Contingency Account	Within 5 years.
2. Renewal and Replacement	Within 5 years.
<i>General Reserve Fund</i>	
1. General Reserve Account	Within 5 years or when needed to make payments.
<i>Decommissioning</i>	Not later than when needed. (Applicable only to St. Lucie)

5.4 Collateralization:

Collateralization, as detailed in the Investment Procedures, may be required for investments such as repurchase agreements and any approved investment agreement contract or agreement.

5.5 Diversification:

FMPA must diversify to avoid incurring unreasonable risks associated with over-investing in specific investments, individual financial institutions, maturities and in the future by geographic area or by any other reasonably determinable characteristic. Compliance with the specific diversification requirements shown in the chart below will be measured using market value at the time of purchase and monthly thereafter. In the event that a particular category exceeds the scheduled maximum percentage by 10% (for example, if Repurchase Agreements exceed 22%) for two consecutive months, the Treasurer and Risk Director must report such deviation and submit for approval a strategy for handling each such deviation. For risks potentially resulting from investments with high concentrations of other characteristics not itemized in the chart above, the Treasurer and Risk Director should bring these investments to the attention of the CFO for review. If the concentration risk is deemed significant enough by any one of the three noted here, the CFO must bring this concentration concern to the FC.

Diversification by Investment Type:	Percentage at time of purchase:
US Treasury Obligations	100%
Municipal Bonds (including FSA/FDA) ⁽¹⁾	100%
US Gov. Agency and US Gov. Sponsored Instrumentality	100%
Banker's Acceptances	50%
Commercial Paper	50%
Corporate Bonds and Notes (A or above)	25 40%
Florida Local Government Surplus Fund Trust Fund (SBA)	50%
Local Government Investment Pools	25%
Collateralized CDs and Time Deposits	25%
Money Market Mutual Funds	25%
Repurchase Agreements	20%
Guaranteed Investment Contracts (GICs)	15%*
Or as approved by the EC or BOD	
<small>(1) Beginning with Version 5 of the Investment Policy, at time of purchase and measured monthly thereafter no more than 25% of total investments, exclusive of the FSA and FDA investments, can be from the same state, regardless of bond structure. Current investment portfolio, at adoption of this Policy revision is grandfathered; Treasury is not required to sell current portfolio to get to 25%, but cannot acquire more, if current portfolio is already to the 25% limit.</small>	

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

Diversification by Institution:	Percentage at time of purchase:
Money Market Mutual Fund	25%
US Gov. Agency by Agency	25%
Municipal Bonds by Issuer	20%
Commercial Banks (CDs, Time Deposits, or Commercial Paper)	10%
Bankers' Acceptance by Bank	10%
Corporate Notes	10%

Diversification by Geographic Location:

Percentage of Portfolio

Within individual state	Not more than 25%
The limitation of investments within a state prior to May 21, 2015 was limited to 50%. The contents of any investment portfolio prior to this date is grandfathered and do not require adjustments to meet the current Policy limit of 25%. Any FSA and FDA investment is exempted from the 25% limitation.	

5.5.1 Exceptions:

Diversification percentages can be exceeded by approval from the EC / BOD.

~~6.0 Brokerage Accounts Equity Balance:~~

~~To maximize interest earning inflows, excess equity above the required margins or minimum balance in the FMFA chosen brokerage futures account can be invested in securities as allowed in Appendix A of this policy. Excess equity funds can be transferred out of the brokerage futures account only upon the approval of the CFO or designee.~~

8.06.0 Custody

All investment security transactions, including collateral for repurchase agreements, entered into by FMFA shall be settled on a delivery versus payment (DVP) basis. Securities will be held by a third party Custodian or Trustee designated by the CFO and evidenced by trade confirmations and bank statements.

All securities purchased by FMFA will be properly designated as an asset of the Agency or its Projects and held by a third party Custodial or Trustee institution. The Custodial or

Trustee institution shall annually (each fiscal year) provide a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16)). The Treasurer and Risk Director or designated Treasury Staff will provide this report, upon receipt, to the CFO.

9.07.0 Benchmarking Performance

The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account investment risk constraints and cash flow needs. The CFO shall cause to be established a series of appropriate benchmarks against which portfolio performance shall be compared on a regular basis. Guidelines on selecting and managing benchmarks, which may include the use of duration and convexity as performance measurement tools, are contained in the Investment Procedures.

Any external investment managers, if hired, shall not independently select benchmarks. All benchmarks used by external investment managers must be approved by the CFO. Specific description and the source, including date of such benchmarks, should be provided in any external investment manager's performance report along with the exact methodology used in calculating the yields/returns on the portfolio and the benchmark.

10.08.0 Internal Controls and Ethics

The CFO shall cause to be established a system of written internal controls to regulate investment and related activities, consistent with this Policy and Investment Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. The controls shall be designed to meet the requirements as listed in Florida State Statute Section 218. As part of the year-end audit, the external auditors will be required to state whether the Agency has complied with Florida State Statute Section 218.415, regarding the investment of public funds.

The CFO and the Treasurer and Risk Director, or their designees, may do placement of funds. Accounting staff will not have any responsibility for investing funds. Further internal controls are established in the Investment Procedures to address safekeeping, repurchase agreement, collateral/depository agreements, banking service contracts, delivery vs. payment

procedures, and separation of transaction authority from accounting and record-keeping, and may include security controls contained within Treasury software programs.

The Agency Risk Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management Policy and adequately mitigate all applicable risks. If, after review, the Agency Risk Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

10.18.1 Policy and Procedure Compliance

Risk Management staff shall ensure that compliance with this Policy and the Investment Procedures are monitored on an ongoing basis. Any unresolved compliance issues will be presented to the FC by the Agency Risk Manager at the next regularly scheduled meeting.

10.28.2 External Parties

All dealers, financial institutions, investment managers, or individuals, collectively referred to as the parties, investing on behalf of FMPA will be sent a copy of the Investment Policy by the Treasurer and Risk Director, along with a list of employees who are authorized to transact investment trades on behalf of FMPA. These parties will be required to respond, in writing, that the Policy was received, read, understood and will commit to adhere to the Policy. FMPA will pursue full recovery of all associated costs resulting from deviations from the Investment Policy.

10.38.3 Continuing Education

The CFO, Treasurer and Risk Director and other appropriate investment staff will be required to complete annually (each fiscal year) a minimum of 8 hours of continuing professional education (CPE's), or more as ~~as~~ required by State Regulations, in subject courses of study related to investment practices and products.

11.09.0 Reporting

The Treasurer and Risk Director will produce investment reports in accordance with Investment Procedures and provide these reports to the General Manager and the CFO as and when requested, but for no less than each meeting of the EC and/or BOD.

The CFO shall cause any deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be completed by the FC as described in Section 7.0 of the FMPA Risk Management Policy. The Treasurer and Risk Director shall report on the current risk environment affecting FMPA's investment program to the CFO as needed, and initiate and/or participate in any necessary discussion prior to moving items to the FC.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(See Also Glossary of Terms in FMPA's Risk Management Policy)

ACCRUED INTEREST: The interest to be paid on a security from the last interest accrual date to the settlement date. The buyer of the security pays the market price plus accrued interest. Also called "Purchased Interest".

AGENCY: Florida Municipal Power Agency.

AGENCY SECURITIES: Corporations, such as GNMA, FNMA or FHLMC, which have varying degrees of federal sponsorship and/or regulatory oversight.

ANNUAL AUDIT: The official audit report for FMPA. It includes combined statements for each individual fund and account group prepared in conformity with GAAP.

BASIS POINT: One one-hundredth of a percent (0.01 %).

BOND RATINGS: Evaluations by independent services such as Moody's, Fitch, or Standard & Poor's of a bond's investment quality and credit worthiness.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CONVEXITY: A volatility measure, used in conjunction with duration, of how the price of a bond changes as interest rates change.

CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

COUPON RATE: The amount of interest return based upon par value which the issuer agrees to pay the bondholder.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer (unsecured, no liens or pledges on specific assets).

DELIVERY VERSUS PAYMENT: Delivery versus payment is delivery of securities with an exchange of money for the securities.

DELIVERY VERSUS RECEIPT: (Also called free). Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g. U. S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DON'T KNOW (DK): A term designating the lack of knowledge of a delivery in a securities transaction.

DURATION: The weighted average time to the receipt of value of the future cash flows of a security weighted by the present value of each of the cash flows in the series. Duration is used as a measure of the relative sensitivity of the price of the security to a change in market required yield.

FACE VALUE: The dollar amount the issuer promises to pay the bondholder at maturity. Also called par value.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The FHLB play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM ("FED"): The Central Bank of the United States created by Congress and composed of the presidentially appointed Board of Governors in Washington, D.C., the Federal Open Market Committee, 12 Regional Federal Reserve Banks, numerous private U.S. member banks, and various advisory councils.

FORWARD DELIVERY AGREEMENT (FDA) and FORWARD SALE AGREEMENT (FSA): See “Forward Contracts” in Agency-wide Risk Management Policy Glossary.

FREE DELIVERY: See "Delivery versus Receipt".

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term “pass-through” is often used to describe Ginnie Mae.

GOVERNMENT SECURITIES: Securities that qualify under government securities are issued or guaranteed by more than 15 different entities/agencies of the U.S. government and corporations created by acts of Congress. Some are backed by the full faith and credit of the U.S. and some are not. The direct and guaranteed obligations of the U.S. government, where the securities are backed by the full faith and credits of the U.S., are considered AAA rated. A comprehensive listing of qualified investments for AAA financing is provided in Appendix A.

INTERNAL RATE OF RETURN (IRR): The discount rate that makes the present value (sum of the discounted values) of a cash flow of an instrument equal to the price of the instrument.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify,

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date a security comes due and fully payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUNICIPAL BOND: A bond issued by a political unit, such as a state, county, city, town, or village or a political unit's agencies or authorities. In general, interest paid on municipal bonds is exempt from federal income taxes and state and local income taxes within the state of issue.

NASD: National Association of Securities Dealers.

NEW HOUSING AUTHORITY BONDS: A bond issue by a local public housing authority to finance public housing secured by U.S. Government assistance agreements which guarantees full payment of interest and principal. Also called Public Housing Authority Bonds (PHA's).

OPEN MARKET OPERATIONS: Purchases and sales of government securities and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and flexible monetary policy tool.

PAR VALUE: See "Face Value".

PAYMENT DATE: The date at which the interest on a bond is due.

PORTFOLIO: Collection of securities held by an investor.

PROJECTS: St Lucie, Stanton, All-Requirements, Tri-City, Stanton II

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state- the so-called legal list. In other states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state which has segregated eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on a specified later date.

RIDING THE YIELD CURVE: Buying long-term bonds in anticipation of capital gains as yields fall with the declining maturity of the bonds.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SEC RULE 15C3-1: See "Uniform Net Capital Rule".

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES ACT OF 1933: A federal law for the purpose of protecting the public in the issuance and distribution of securities by requiring full disclosure by the issuer.

SECURITIES AND EXCHANGE COMMISSION: The government agency responsible for regulating and supervising the securities industry.

SECURITIES EXCHANGE ACT OF 1934: A federal law for the purpose of protecting the public in the trading of securities on the stock exchanges and the over-the-counter market.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the yield curve.

TWO HIGHEST CREDIT RATING CATEGORIES: For long-term debt the two highest rating categories, namely AAA and AA, without regard to any gradation of that rating by a numerical, symbol or other such modifier however done by any of the different Rating Agencies. See table below. The two highest credit rating categories are highlighted. Likewise, short-term ratings of the two highest categories by rating firm are also highlighted. Table of ratings categories; partial listing of upper portion of complete table as herein needed:

Moody's		S&P		Fitch	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Aaa	P-1	AAA	A-1+	AAA	F1+
Aa1	P-1	AA+	A-1+	AA+	F1+

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Aa2	P-1	AA	A-1+	AA	F1+
Aa3	P-1	AA-	A-1+	AA-	F1+
A1	P-1	A+	A-1	A+	F1
A2	P-1	A	A-1	A	F1
A3	P-2	A-	A-2	A-	F2
Baa1	P-2	BBB+	A-2	BBB+	F2

Please note, the table shown above is just the relevant part of a comprehensive ratings table in order to clarify the Investment Risk Management Policy meaning for the term “two highest credit rating categories.”

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

Agency, All Requirements, St. Lucie, Stanton, Stanton II and Tri-City Projects

Authorized Investments		Credit Rating/Security/Collateral
1.	U.S. Gov. obligations including Federal Agencies unconditionally guaranteed by the U.S. Govt.	Guaranteed by the U. S. Government.
2.	Non-callable bonds or other obligations of any U.S. State, Agency, Instrumentality or local Gov. unit.	Guaranteed by cash or U.S. Gov. securities or rated in the highest category by a nationally recognized bond rating agency.
3.	Bonds, debentures or other indebtedness issued or guaranteed issued by any Agency or Instrumentality of the United States of America.	Issued or guaranteed by any agency or corporation of the U.S. Gov.
4.	New Housing Authority Bonds and Project notes fully secured.	Fully secured by payment agreement with U.S. Gov.
5.	Direct and general obligations of any State, Agency or Instrumentality of the U. S. or any agency, instrumentality or local government.	Rated in either of the two highest credit rating categories.
6.	Obligations of any state agency or instrumentality of the U.S. Gov.	Rated in either of the two highest credit rating categories.
7.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
8.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Guaranteed by the U.S. Gov.
9.	Certificates of deposit and banker's acceptance of the 50 largest banks in the U.S. or commercial paper issued by the parent holding company.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
10.	Commercial Paper other than that issued by a bank holding co.	Rated in the highest rating category or issued by a U.S. Corp. which has an unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
11.	Repurchase agreements with banks or trust companies.	Banks with combined capital of no less than \$50 million or primary dealer secured by securities described under 1, 3, 4, 9, or 10 above.
12.	Shares of Investment Companies organized under Inv. Co. Act 1940, which invests its assets exclusively in obligations described above, under 1, 6, 9, 10, or 11.	
13.	Local Gov. Surplus Trust Fund of the State of Florida.	
15.	Money Market Funds.	Rated in the highest category of comparable types of obligations.
16.	Investment agreements or guaranteed investment contracts.	Rated in the highest credit rating category.
17.	CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.	Rated A or above

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

(Continued)

Decommissioning Funds - St. Lucie Unit No. 2

Authorized Investments		Credit Rating/Security/Collateral
1.	Securities or other obligations of the Federal, State government or any agency or instrumentality.	
2.	Time deposits or demand deposits of the Trustee.	Insured by an agency of the Federal Gov.
3.	Forward delivery agreements.	Guaranteed by any agency of the U.S. Gov.
4.	In accordance with instructions from FMPA subject to the provisions of Section 5 of the Trust Fund Agreement.	

Investment Risk Management Policy

Appendix B

Flow of Funds Under the Resolution

Pursuant to the Resolution, all revenues are deposited with FMPA to the credit of the Revenue Fund established under the Bond Resolution. In each month, funds are to be first transferred from the Revenue Fund to the Operation and Maintenance Fund (i) for credit to the Operation and Maintenance account in the amount, if any, required so that the balance credited to said Account shall equal the amount necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount budgeted therefore, and (iii) for credit to the Rate Stabilization Account in the amount, if any, budgeted therefore. After these transfers from the Revenue Fund, FMPA will make in each month the following deposits from the Revenue Fund in the order of priority set forth below:

First, to the Debt Service Account held by the Trustee, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds to the end of the then current calendar month) shall equal the Accrued Aggregate Debt Service;

Second, to the Debt Service Reserve Account held by the Trustee (and each sub account therein), after giving effect to any surety bond, insurance policy, letter of credit or other obligation deposited therein pursuant to the terms of the Resolution, the amount required to be deposited into such Account in such month to make up any deficiency in the Debt Service Reserve Requirement;

Third, to the Subordinated Debt Fund held by FMPA for credit to the various accounts therein, including the Offered Securities Account, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt (including the Offered Securities) and reserves therefore, as required by the supplemental Bond Resolution authorizing such issue of Subordinated Debt;

Fourth, to the Reserve and Contingency Fund held by FMPA (a) for credit to the Renewal and Replacement Account, the amount budgeted therefore, and (b) for credit to the Contingency Account the amount required for such account to equal the Contingency Requirement;

Fifth, for deposit to the Decommissioning Fund (which is not pledged to the Offered Securities), the amount budgeted therefore; (applicable for St. Lucie Project) and

Sixth, for credit to the General Reserve Fund held by FMPA, any remaining monies in the Revenue Fund.

Investment Risk Management Policy

Appendix C

Reporting Calendar

Florida Municipal Power Agency Risk Management Reporting Calendar Investment Risk Management Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Security Ratings Compliance	Monthly	Treasurer and Risk Director	Section 5.0	Authorized and Suitable Investment Securities <u>Authorized and Suitable Investment Securities</u>
Financial Condition	Annually	Treasurer and Risk Director	Section 5.1	Authorized Financial Institutions, Depositories, and Broker/Dealers <u>Authorized Financial Institutions, Depositories, and Broker/Dealers</u>
Diversification Percentage	Monthly	Treasurer and Risk Director	Section 5.5	Diversification <u>Diversification</u>
SSAE 16 Report for Trustees and Custodians	Annually	Treasurer and Risk Director	Section 6.0	Custody <u>Custody</u>
Policy Compliance Deviations	As Needed	Agency Risk Manager	Section 8.1	Policy and Procedure Compliance <u>Policy and Procedure Compliance</u>
Investment Reports	EC/BOD meetings	Treasurer and Risk Director	Section 9.0	Reporting <u>Reporting</u>
Policy Operation and	Annually	FC	Section 9.0	Reporting <u>Reporting</u>

Effectiveness				
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VERBAL REPORT

AGENDA ITEM 9 – INFORMATION ITEMS

f. Cyber Security Update

**Board of Directors Meeting
September 19, 2019**

**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Board of Directors Meeting
September 19, 2019**

AGENDA ITEM 11 – ADJOURNMENT

**Board of Directors Meeting
September 19, 2019**