FINANCE COMMITTEE

AGENDA PACKAGE

JANUARY 15, 2020
3:00 p.m.
Dial-in Info 877-668-4493 or 650-479-3208
Meeting Number 734 366 070
Password 8553

Committee Members

Karen Nelson, Jacksonville Beach – Chairwoman
Jody Young, Bushnell
Nina Penick, Fort Pierce
Howard McKinnon, Havana
Barbara Quiñones, Homestead
Jack Wetzler, Key West
Larry Mattern, Kissimmee
Jim Williams, Leesburg
Steve Langley, Mount Dora
Dallas Lee, Newberry
Marie Brooks, Ocala
James Braddock, Wauchula

Meeting Location
Florida Municipal Power Agency 8553
Commodity Circle Orlando, FL 32819

(407) 355-7767

FMPA MUNICIPAL POWER

Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Finance Committee

FROM: Linda S. Howard

DATE: January 7, 2020

SUBJECT: FMPA Finance Committee Meeting
Wednesday, January 15, 2020 at 3:00pm

PLACE: Florida Municipal Power Agency Board Room
8553 Commodity Circle,
Orlando, FL 32819

DIAL-IN INFORMATION: 877-668-4493 or 650-479-3208, Meeting 734 366 070# PASSWORD 8553
(If you have trouble connecting via phone or internet, please call 407-355-7767)

Chairperson Karen Nelson, Presiding

AGENDA

LSH/pa

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

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

Finance Committee Meeting
January 15, 2020

AGENDA ITEM 2 – RECOGNITION OF GUESTS

Finance Committee Meeting
January 15, 2020

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

Finance Committee Meeting
January 15, 2020

AGENDA ITEM 4 – SET AGENDA (By Vote)

Finance Committee Meeting
January 15, 2020

AGENDA ITEM 5 – APPROVAL OF MINUTES

a. Approval of Minutes – Finance Committee Minutes – Meeting Held December 11, 2019

Finance Committee Meeting January 15, 2020

CLERKS DULY NOTIFIED……………………………………………….December 3,2019
AGENDA PACKAGE SENT TO MEMBERS……………………………..December 3,2019

MINUTES
FINANCE COMMITTEE MEETING
WEDNESDAY, DECEMBER 11, 2019
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL

PARTICIPANTS PRESENT

Karen Nelson, Jacksonville Beach
Jody Young, Bushnell
Nina Penick, Fort Pierce (Phone)
Howard McKinnon, Havana
Barbara Quinones, Homestead
Larry Mattern, Kissimmee
Jim Williams, Leesburg
Steve Langley, Mount Dora
Dallas Lee, Newberry (Phone)
Marie Brooks, Ocala (Phone)
James Braddock, Wauchula

PARTICIPANTS ABSENT

Jack Wetzler, Key West

OTHERS PRESENT

Craig Dunlap, Dunlap & Associates, Inc.
Tim Westgate, Purvis Gray & Company
Kathryn Eno, Purvis Gray & Company (Phone)
John Tompeck, Fort Pierce Utility Authority
Paul Jakubczak, Fort Pierce Utility Authority

STAFF PRESENT

Jacob Williams, General Manager and CEO
Ken Rutter, Chief Operating Officer and COO
Jody Finklea, General Counsel and CLO
Linda S. Howard, Chief Financial Officer
Mark McCain, AGM of Public Relations and Member Services
Sharon Adams, HR Director
Rich Popp, Treasurer and Risk Director
Jason Wolfe, Financial Planning Rates and Budget Director
Danyel Sullivan-Marrero, Controller
Ed Nunez, Assistant treasurer – Debt
Luis Cruz, IT Manager
Isabel Montoya, IT Specialist
Liyuan Woerner, Audit Manager
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Paige Arnett, HR Assistant

ITEM 1 – Call to Order, Roll Call and Declaration of Quorum

Chairperson Karen Nelson, Jacksonville Beach, called the FMPA Finance Committee Meeting to order at 12:30 pm on Wednesday, December 11, 2019, in the Fredrick M.Bryant Board Room, at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 11 of 12 members present.

ITEM 2 – RECOGNITION OF GUESTS

Chairperson Karen Nelson, Jacksonville Beach, recognized Tim Westgate from Purvis Gray. Nina Penick, Fort Pierce announced her retirement as well as her successor, Barbara Mika. Barbara Mika will be attending the Finance Committee Meeting taking place on January 15, 2020.

ITEM 3 – PUBLIC COMMENTS (INDIVIDUAL PUBLIC COMMENTS LIMITED TO 3 MINUTES)

None.

ITEM 4 – SET AGENDA (BY VOTE)

MOTION: Howard McKinnon, Havana, moved approval of the agenda as presented. Jody Young, Bushnell, seconded the motion. Motion carried 11-0.

ITEM 5 – APPROVAL OF MINUTES

a. **Approval of Minutes – Finance Committee Minutes – Meeting Held October 16, 2019**

MOTION: Howard McKinnon, Havana, moved approval of the minutes as presented. Jim Williams, Leesburg, seconded the motion. Motion carried 11-0.

ITEM 6 – CHAIRPERSON'S REMARKS

Chairperson Karen Nelson, Jacksonville Beach, welcomed Howard McKinnon back to the Finance Committee following his absence.

ITEM 7– CFO Report

Linda Howard reported on the following items:

1. After closing the Vero Beach Transaction, FMPA was able to pay off debt and have significant positive impacts on the debt of the agency. She discussed that paying down debt is a positive for the rating agencies.
2. Mentioned that there was risk eliminated in refinancing the 2008C and 2013A bonds.
3. Discussed the St. Lucie audit performed by the internal audit team. Liyuan Woerner performed the audit along with two new auditors. There were positive comments surrounding the findings and overall audit.

4. Mentioned how well the Finance Team did on the St. Lucie audit and Jacob Williams agreed with her comments. Jacob mentioned that there were changes to the Finance team roles and Linda has done a wonderful job.
5. Rich Popp facilitated four prepaid gas transactions.
6. Bond and disclosure counsel recommendation will be presented today.

ITEM 8 – ACTION ITEMS

a. Approval of Bond Counsel Recommendation

Linda Howard, FMPA, presented on the bond counsel recommendation. Criteria included qualifications of the team presented, qualifications of the firm, and the fees associated with the firm. There was a wide range of fees and the team wanted to make sure the cost associated was worth it.

Recommendation for bond counsel- Nixon. Lowered their fees, have a good relationship with FMPA and want to maintain the relationship. Recommendation for disclosure counsel- BMO. They are prominent in the state of Florida and fees were lower.

Recommendation for special counsel- Nixon or BMO can address any special issues.

MOTION: Larry Mattern, Kissimmee, moved approval of the bond and disclosure counsel Recommendation**.** Howard McKinnon, Havana, seconded the motion. Motion carried 11-0.

b. Approval of the 2020 Meeting Calendar

Linda Howard proposed the Wednesday before board meetings for the 2020 Meeting Calendar. There will not be a meeting scheduled in July and the Chair can always cancel a meeting as needed.

MOTION: Jim Williams, Leesburg, moved approval of the 2020 meeting calendar. **Steve Langley, Mount Dora**, seconded the motion. Motion carried 11-0.

ITEM 9 – INFORMATION ITEMS

a. FYE 2019 Preliminary Financial Results

Danyel Sullivan-Marrero presented the FYE 2019 Preliminary Financial Results stating that the Finance Committee would recommend the item to the Board of Directors and Executive Committee meeting next month for approval.

b. Update on Rate Protection Account Status

Jason Wolfe gave the Update on Rate Protection Account Status.

Howard McKinnon, Havana, asked what steps FMPA can take to help mitigate losses and solidify assumptions made.

Larry Mattern, Kissimmee, mentioned that the staff has been good enough to explore sales as an option to make us whole.

Barbara Quinones, Homestead mentioned a short fall for Stanton I and Stanton II and thinks it would be in the best interest to work with OUC to minimize costs from the coal plants.

Jacob Williams discussed the projects and mentioned that running the coal plants are costing all of us money. Would like to be fair to the Board of Directors and allow OUC to come in and explain their rationale. We need to address the fact that these units are the highest cost assets.

c. Pricing Update on the 2019 Bonds

Rich Popp presented the pricing update on the 2019 bonds and mentioned great things were accomplished in this transaction.

Larry Mattern, Kissimmee, thanked Linda Howard for her guidance and Finance Team as well as Jacob Williams for supporting the efforts.

Jody Finklea and Howard McKinnon congratulated the team as there are now no more swaps on FMPA's books.

d. Update on ARP Prepaid Gas Transactions

Rich Popp presented an update on ARP Prepaid Gas Transactions and discussed that we will save $2.7 million a year by doing the transactions. There is a discount when the gas is delivered, and FMPA would be buying the gas anyway. Discounts are slightly below the 30 cents target. Transactions are performing well and reflecting discounts rates.

e. Review of Annual Investment Report

Rich Popp presented the annual investment report. In addition, we have added an allowable investment of about 60 basis points. Planning to manage investments on shorter term of 2 years or less to manage risk on investments.

f. Review of the Credit Card Audit

Liyuan Woerner, presented the credit card audit. Only finding was an IT bug in the audit. IT is working to fix it.

g. Review of Risk Management Policies and Compliance Reports

Liyuan Woerner, presented on Risk Management Policies and Compliance Reports. Two policies covered, accounting policy which sets the standard for controls to safe guard the agency's assets, and the asset management and operations policy which sets standards for effective generation of electric power.

The item was moved to an action item for approval.

MOTION: Larry Mattern, Kissimmee, moved approval of the Risk Management Policies and Compliance Reports for approval by the Board of Directors**.** Barbara Quinones, Homestead, seconded the motion. Motion carried 11-0.

h.Exit Conference with External Auditors

Tim Westgate, Audit partner for Purvis Gray and Company, presented the audit report. His team performed final field work ending mid-November and they are currently putting finishing touches on the final report. Tim went through highlights as follows: a) The governance letter is required by audit standards to communicate the audit findings to FC, BOD and EC. b) New standard adopted which resulted in FMPA recording about $4 million to asset retirement obligations in addition to what we have been recording for St. Lucie. c) Significant estimates including prepaid gas. Remaining balance of $15.5 million recorded in the financial statements. d) Pool loan program adds a new column in the financial statements but isn't debt of FMPA.

Talked with management related to member services and cost allocations. Recommended updating policies around member services and recover costs as intended.

ITEM 10 – REPORTS

a. Risk Policies

b. Risk Compliance Reports

c. FYE 2019 Draft Financial Statements

d. FGU October Storage Report

The reports were provided for information only. There was no further discussion.

ITEM 11 – COMMENTS

None.

ITEM 12 – ADJOURNMENT

There being no further business the meeting was adjourned at 2:02 pm.

Approved: _____________ Date____________ KN/pa

AGENDA ITEM 6 – CHAIRPERSON'S REMARKS

Finance Committee Meeting
January 15, 2020

AGENDA ITEM 7 – CFO Report

Finance Committee Meeting
January 15, 2020

7 – CFO Report

Finance Committee

January 15, 2020

Annual Plan
Key Items Covered

- Monthly/Quarterly
  - Policy review/recommended changes/compliance
  - Operational audits completed, along with findings and recommendations
  - Budget reports (variance analysis)*
- Annually
  - Budget
  - Audited Financial Statements
  - Continuing Disclosure Report
  - Municipal Finance Disclosure Procedures
  - Debt Report
  - Participant Audit
  - Investment Report

FMPA MUNICIPAL POWER

* Proposed new report

Annual Plan (contd.)

Key Items Covered

- As needed
  - Significant financial transactions
    - Bond or bank transaction
    - Prepaid gas
    - Pooled Loan
  - Significant budget variances/amendments
  - Special projects/update on special projects
  - Request for Proposals

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Fitch Ratings Update

- Issuer Default Rating for Stanton II and St. Lucie
  - Ratings affirmed (A+ and A, respectively)
  - Outlook changed from Negative to Stable on Stanton II
  - Outlook changed from Stable to Negative on St. Lucie

Recommended Action

- Information only

AGENDA ITEM 8 – ACTION ITEMS

a. **Review and Recommend Approval of Annual Audited Financial Report (AAFR) for FYE 2019**

Finance Committee Meeting
January 15, 2020

FMPA
MUNICIPAL POWER

8a – Review and Recommend Approval of Annual Audited Financial Report (AAFR) for FYE 2019

BOD/EC

January 15, 2020

Financial Statement Highlights
FYE 2019

- **Long Term Debt**: Reduced by $329M
  Notably:
  - St. Lucie – Dec 2018 Paid Off 2000 & 2002 Bonds
  - All Requirements –Paid Off 2008B & 2008C Bonds Early Redemption of $69M; Swap Terminations of $5.9M Mar 2019

- **Expenses**: Expenses are Below Budget for All Projects

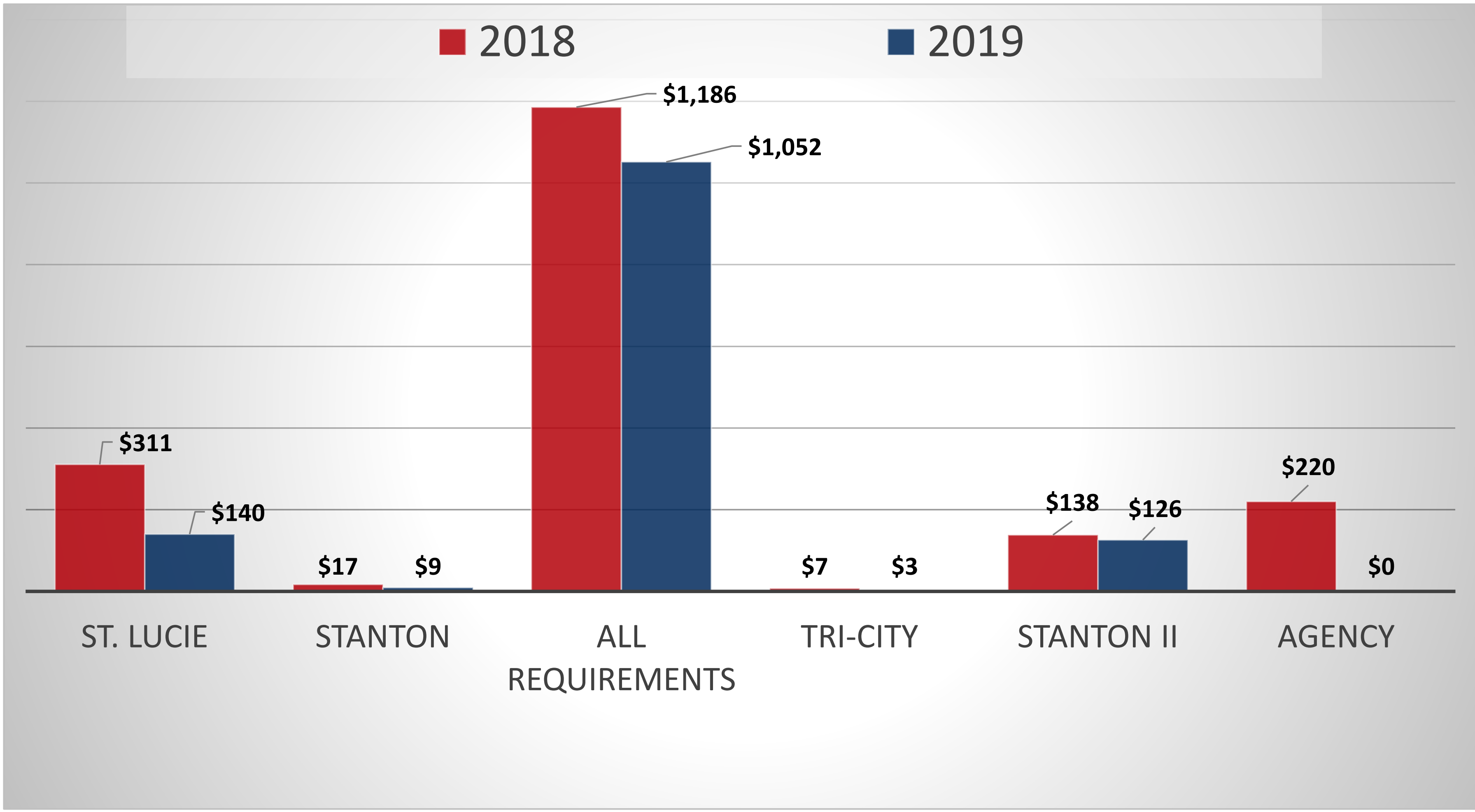
- **Due to Participants:** Total Net to Due $7.789M;
  FYE 2018 Net Due from Participants $7.688M

- **Vero Beach**: Proceeds of Sale are Being Utilized to Reduce Monthly ARP Billings to Participants

- **Rates:** Remain Low**,** ARP lowest since 2004

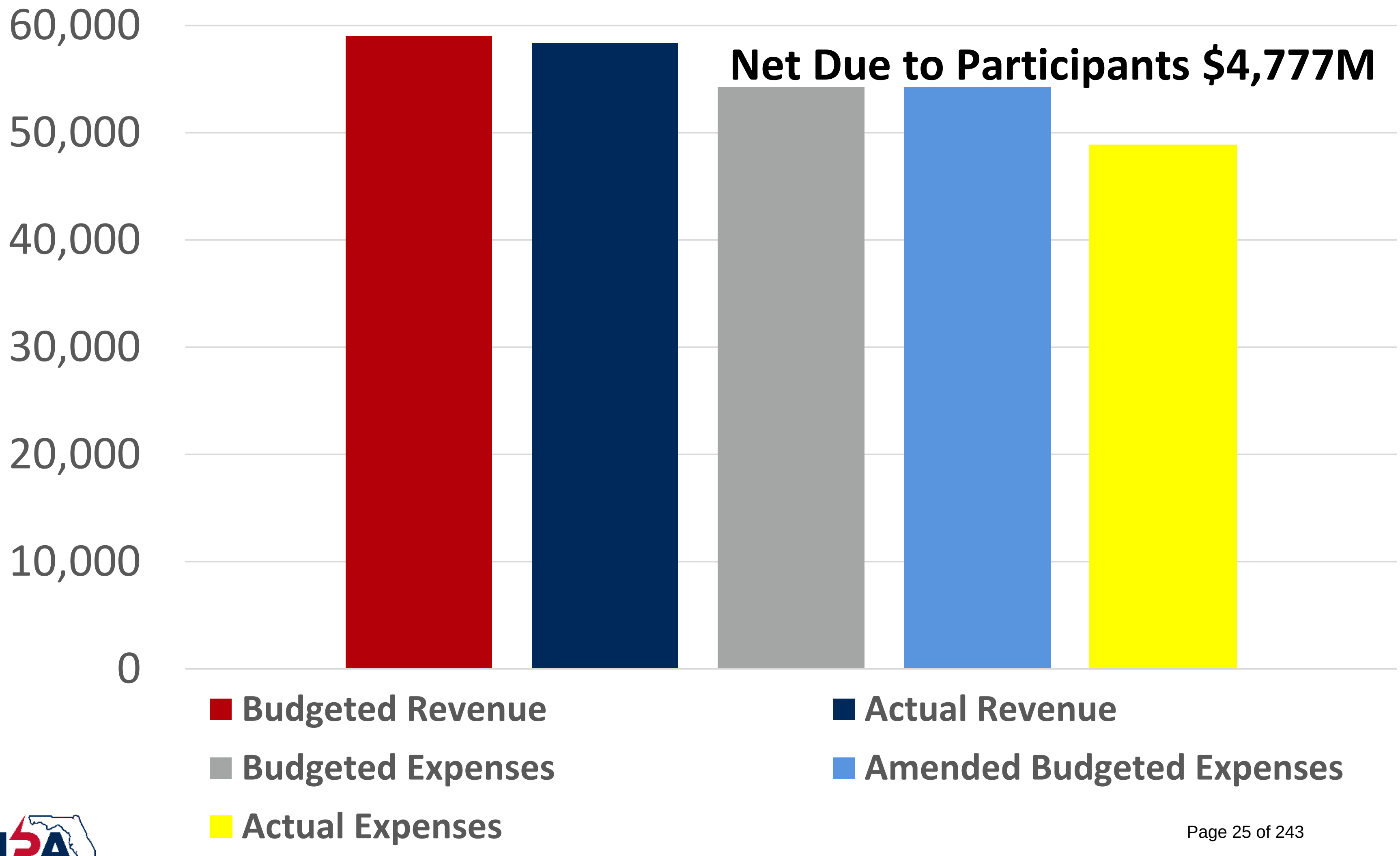
FMPA MUNICIPAL POWER

Long Term Debt by Project
Overall Reduction of $329M

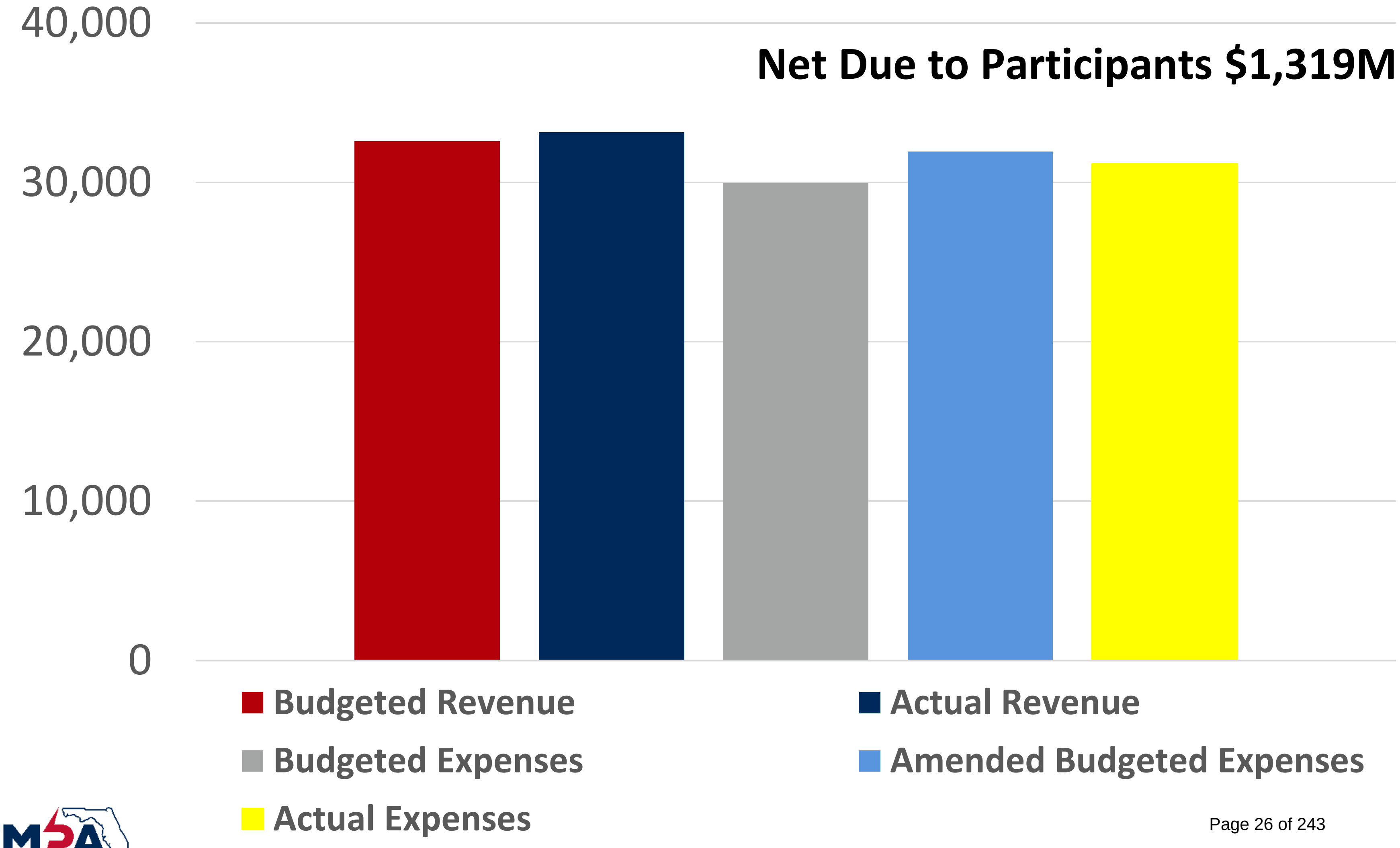


Budget to Actual Comparison ($000s)

St. Lucie



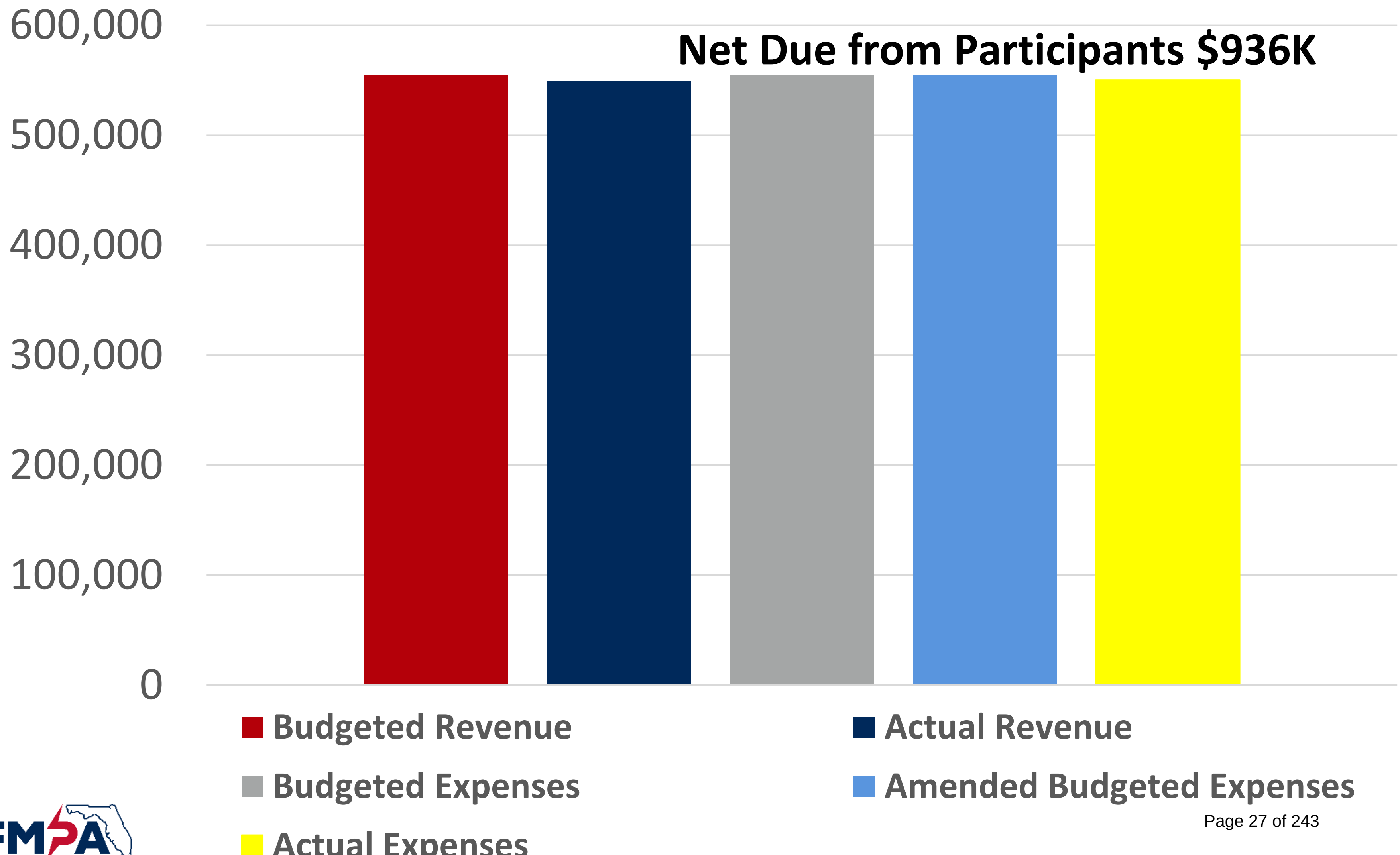
Budget to Actual Comparison ($000s)
Stanton



FMPA MUNICIPAL POWER

Budget to Actual Comparison ($000s)

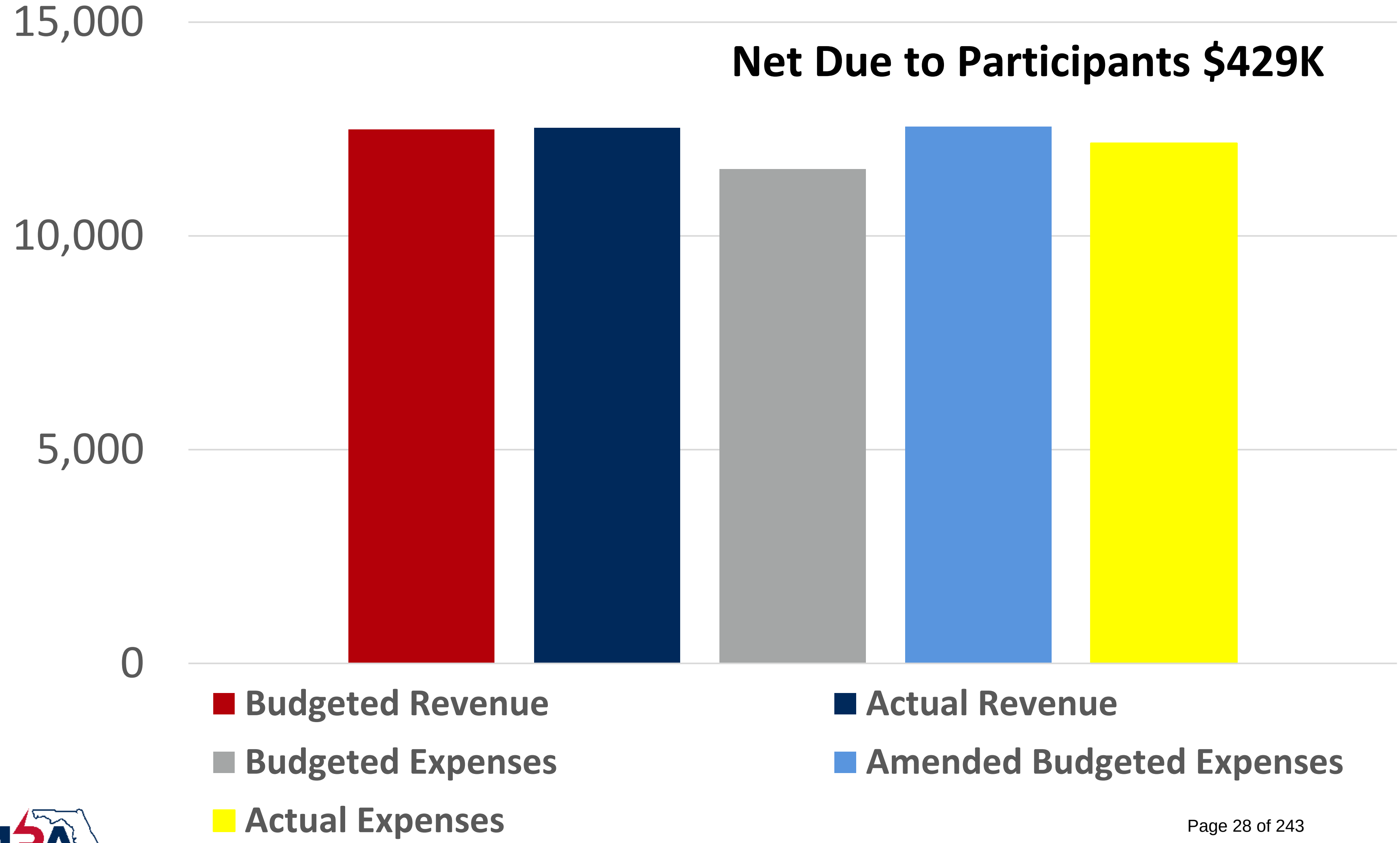
All Requirements



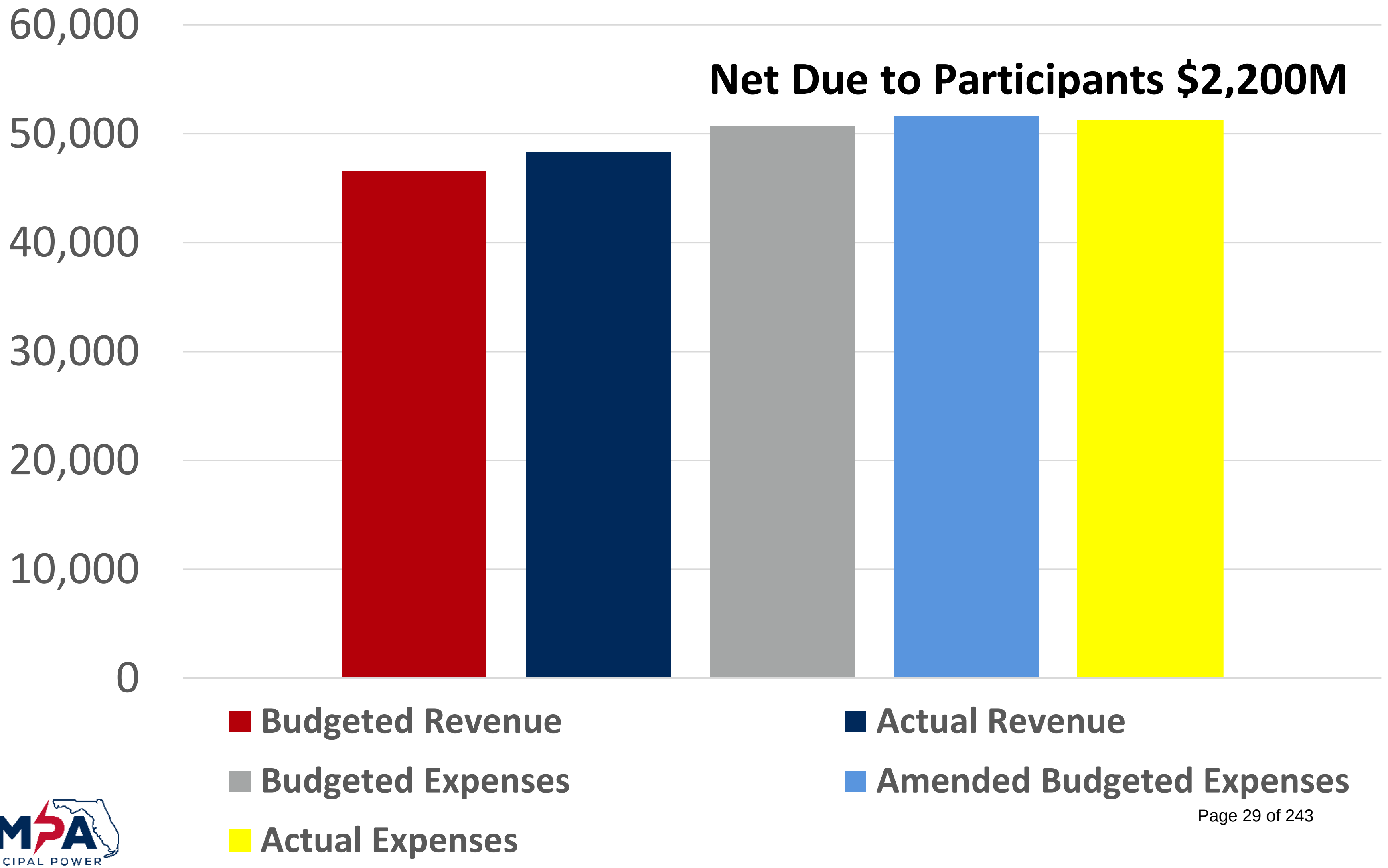
FMPA MUNICIPAL POWER

Budget to Actual Comparison ($000s)

Tri-City

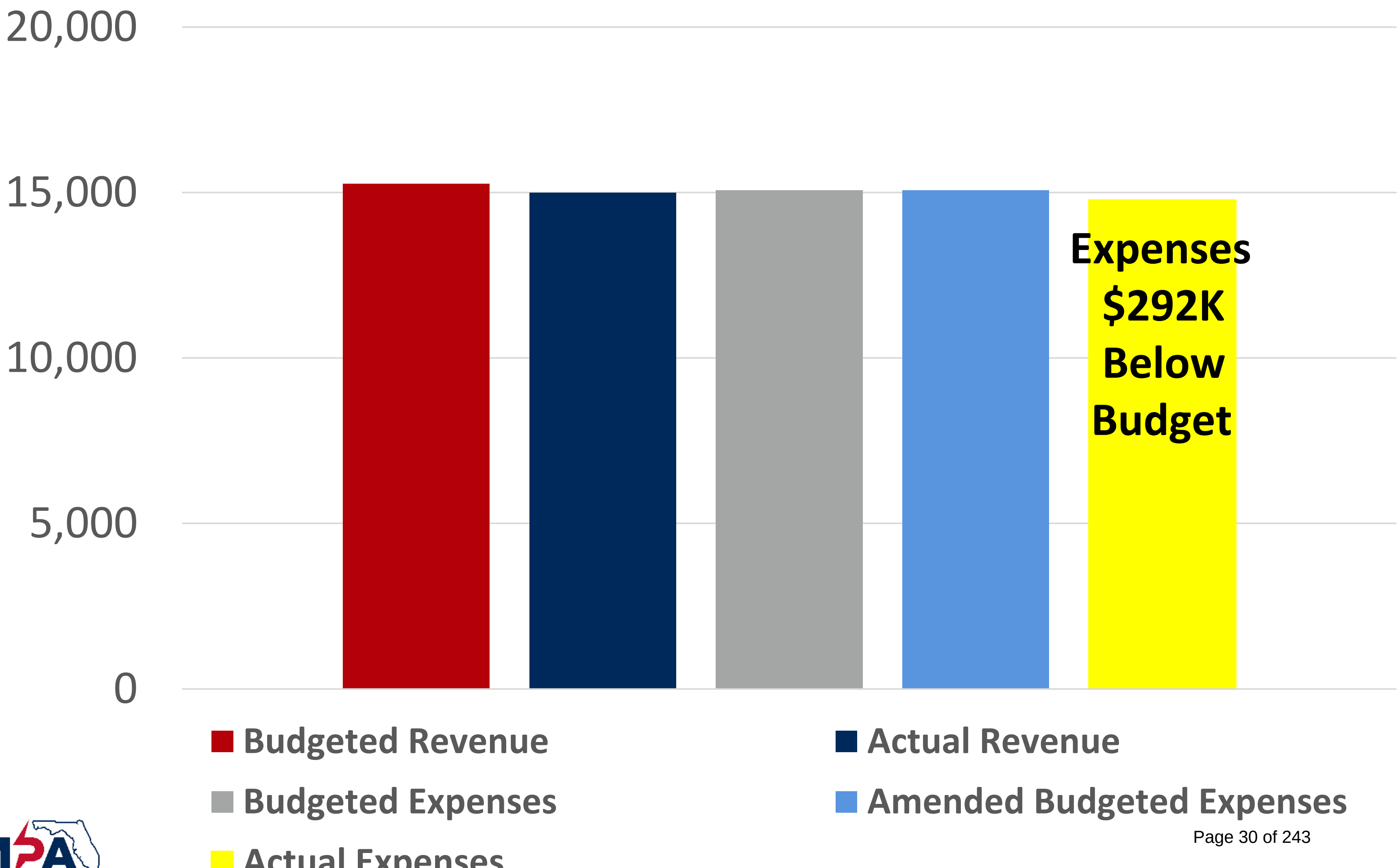


Budget to Actual Comparison ($000s)
Stanton II



Budget to Actual Comparison ($000s)

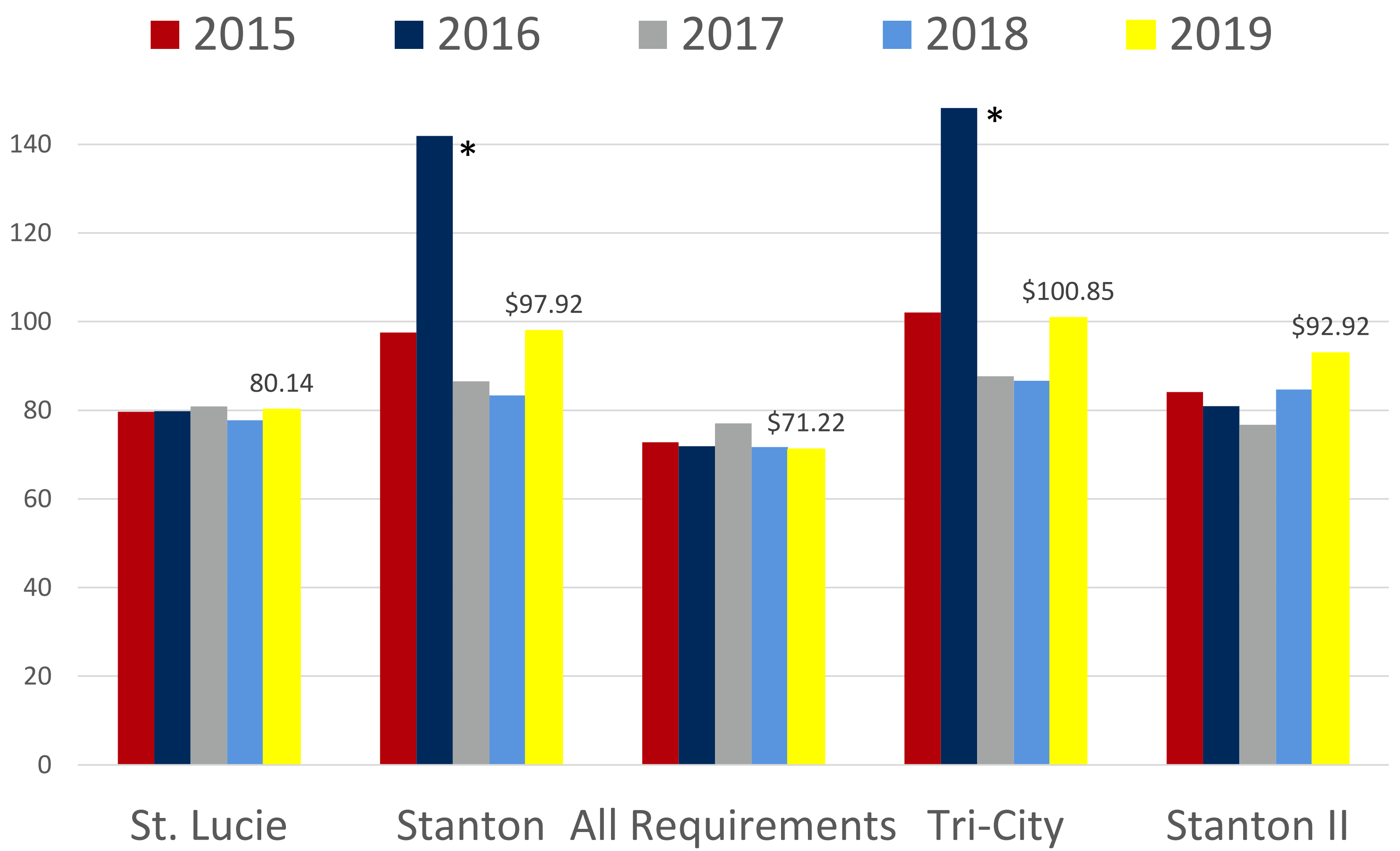
Agency



FMPA MUNICIPAL POWER

Average $/MWh Billed

By Project   Years 2015 - 2019



*** Due to Extended Outage at Stanton**

Questions?

Recommended Motion

- **Motion**: Finance Committee recommends the Board of Directors approve the fiscal year ended September 30, 2019 AAFR, and the associated Purvis, Gray & Company report.

FMPA MUNICIPAL POWER

Financial Statements

For The Fiscal Year Ended September 30, 2019

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Member Cities

- Alachua
- Bartow
- Blountstown
- Bushnell
- Chattahoochee
- Clewiston
- Fort Meade
- Fort Pierce
- Gainesville
- Green Cove Springs
- Havana
- Homestead
- Jacksonville Beach
- Key West
- Kissimmee
- Lake Worth
- Lakeland
- Leesburg
- Moore Haven
- Mount Dora
- New Smyrna Beach
- Newberry
- Ocala
- Orlando
- Quincy
- St. Cloud
- Starke
- Tallahassee
- Wauchula
- Williston
- Winter Park

Table of Contents

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Agency, as of September 30, 2019, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note III to the financial statements, for the year ended September 30, 2019, the Agency adopted new accounting guidance Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

INDEPENDENT AUDITOR'S REPORT

opinion on the effectiveness of Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

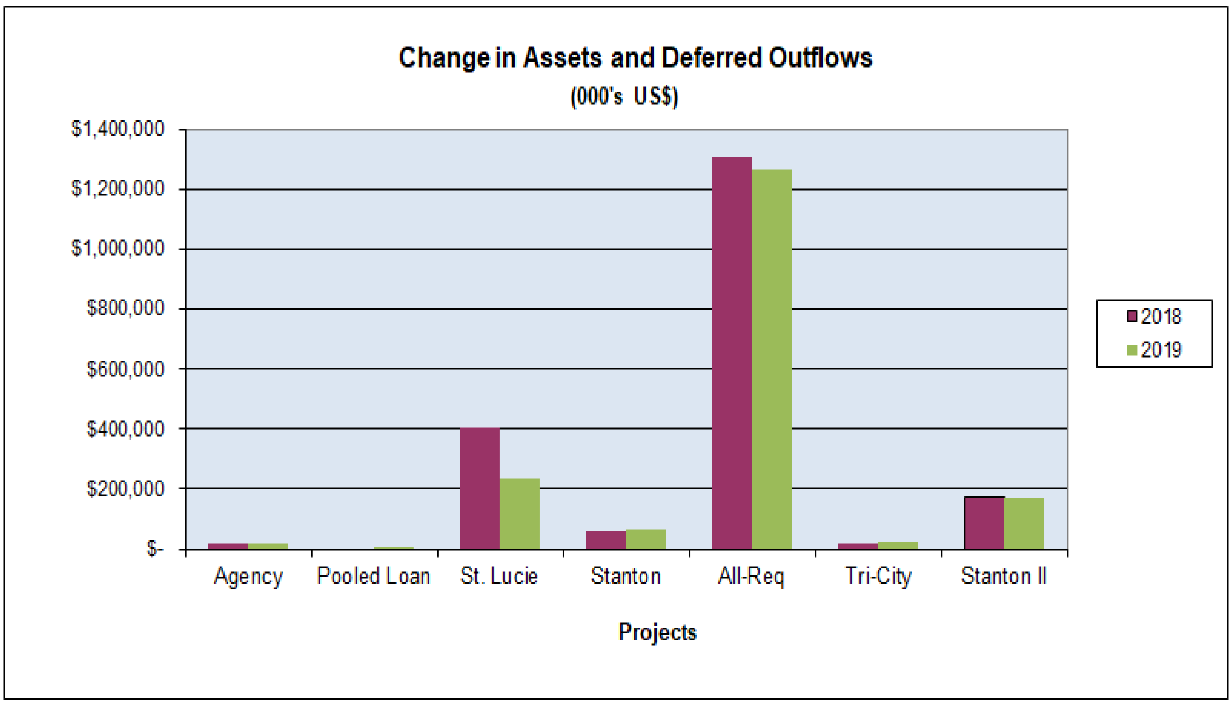
December 20, 2019
Ocala, Florida

This discussion and analysis is intended to serve as an introduction to Florida Municipal Power Agency's (FMPA's) basic financial statements, which are comprised of individual project or fund financial statements and the notes to those financial statements.

FMPA's financial statements are designed to provide readers with a broad overview of FMPA's financial condition in a manner similar to a private-sector business. It is important to note that, due to contractual arrangements which are the basis of each power project, no monies are shared among the projects, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie Projects.

FINANCIAL HIGHLIGHTS

Total Assets and Deferred Outflows at September 30, 2019, of FMPA's Agency Fund and other projects decreased $205.7 million from the prior year. Decreases included $70.9 million of depreciation and amortization of Plant Assets. Increases in total plant included $36.5 million of new depreciable assets.



Change in Assets and Deferrred Outflows (000's US$)								
Year	Agency	Pooled Loan	St. Lucie	Stanton	All-Req	Tri-City	Stanton II	Total
2018	$ 16,807	$ -	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$1,978,914
2019	$ 17,646	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$1,773,251
Variance	$839	$86	($168,662)	$3,104	($41,630)	$1,069	($469)	($205,663)

Financial Highlights (continued)

Total Liabilities and Deferred Inflows at September 30, 2019, for FMPA's Agency Fund and other projects decreased by $205.7 million during the current fiscal year. The decrease in total liabilities is mainly due to bond principal payments.

Long-Term Liability balance outstanding at September 30, 2019, for FMPA's Agency Fund and Projects was $1.3 billion, a decrease of $351.8 million during the current fiscal year.

Long-Term Bonds balance, less current portion, was $1,026 million, including All-Requirements balance of $789 million.

Total Revenue for Agency and all projects increased by $31.7 million for the current fiscal year, primarily due to increased sales to non-participants and increased billings to Participants due to higher loads.

Comparative years' Assets, Liabilities and Net Position, as well as Revenues, Expenses are summarized on the following pages.

FINANCIAL HIGHLIGHTS (CONTINUED)

Statement of Net Position
Proprietary funds
September 30, 2019
(000's US$)

2019	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds							
Assets:								
Capital Assets, Net	$ 3,092	$ -	$ 20,554	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 790,288
Current Unrestricted Assets	13,926	106	60,848	30,339	276,394	7,748	56,225	445,586
Non-Current Restricted Assets	246	39	120,241	3,983	26,496	2,674	8,615	162,294
Other Non Current Assets	382	(59)	28,298	-	274,998	-	-	303,619
Deferred Outflows of Resources	-	-	5,922	1,002	52,918	359	11,263	71,464
Total Assets & Deferred Outflows	$ 17,646	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$ 1,773,251
Liabilities:								
Long-Term Liabilities	$ 5,907	$ -	$ 218,342	$ 1,123	$ 1,007,611	$ 402	$ 117,323	$ 1,350,708
Current Liabilities	2,046	86	17,521	11,843	161,153	4,243	16,071	212,963
Deferred Inflows of Resources	-	-	-	49,437	97,227	16,596	36,627	199,887
Total Liabilities & Deferred Inflows	$ 7,953	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$ 1,763,558
Net Position:								
Investment in capital assets	$ 3,092	$ -	$ (113,837)	$ 18,094	$ (371,485)	$ 7,170	$ (22,679)	$ (479,645)
Restricted	7	39	42,212	12,968	91,006	5,963	19,361	171,556
Unrestricted	6,594	(39)	71,625	(31,062)	280,479	(13,133)	3,318	317,782
Total Net Position	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

Statement of Net Position
Proprietary funds
September 30, 2018
(000's US$)

2018	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
	Business-Type Activities- Proprietary Funds							
Assets:								
Capital Assets, Net	$ 3,234	$ -	$ 19,469	$ 28,797	$ 674,858	$ 11,157	$ 92,263	$ 829,778
Current Unrestricted Assets	12,944	-	123,303	27,648	256,426	7,326	54,247	481,894
Non-Current Restricted Assets	494	-	196,578	2,817	29,338	1,613	12,029	242,869
Other Non Current Assets	135	-	47,296	-	295,086	-	-	342,517
Deferred Outflows of Resources	-	-	17,879	37	51,913	76	11,951	81,856
Total Assets & Deferred Outflows	$ 16,807	$ -	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,978,914
Liabilities:								
Long-Term Liabilities	$ 5,719	$ -	$ 392,067	$ 9,091	$ 1,157,636	$ 3,325	$ 127,446	$ 1,695,284
Current Liabilities	1,814	-	12,458	9,806	149,985	3,670	13,893	191,626
Deferred Inflows of Resources	-	-	-	40,402	-	13,177	29,151	82,730
Total Liabilities & Deferred Inflows	$ 7,533	$ -	$ 404,525	$ 59,299	$ 1,307,621	$ 20,172	$ 170,490	$ 1,969,640
Net Position:								
Investment in capital assets	$ 3,150	$ -	$ (279,358)	$ 11,502	$ (452,090)	$ 4,726	$ (33,593)	$ (745,663)
Restricted	3	-	122,193	11,001	74,722	4,774	22,301	234,994
Unrestricted	6,121	-	157,165	(22,503)	377,368	(9,500)	11,292	519,943
Total Net Position	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,274

FINANCIAL HIGHLIGHTS (CONTINUED)

Statements of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For Fiscal Year Ended September 30, 2019

2019	Business-Type Activities- Proprietary Funds							
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Revenues:								
Billings to participants	$ 14,760	$ -	$ 54,748	$ 32,521	$ 419,721	$ 12,296	$ 47,171	$ 581,217
Sales to others			2,892	360	43,166	129	565	47,112
Amounts to be recovered from (refunded to) participants			(4,777)	(1,319)	889	(429)	(2,200)	(7,836)
Investment Income (loss)	343	-	10,676	549	6,650	138	2,637	20,993
Total Revenue	$ 15,103	$ -	$ 63,539	$ 32,111	$ 470,426	$ 12,134	$ 48,173	$ 641,486
Expenses:								
Operation, Maintenance & Nuclear Fuel Amortization	$ -	$ -	$ 12,932	$ 5,134	$ 79,383	$ 1,836	$ 8,634	$ 107,919
Purchased power, Transmission & Fuel Costs			3,466	12,302	254,330	4,538	18,731	293,367
Administrative & General	14,234	81	2,722	1,562	23,922	837	2,221	45,579
Depreciation & Decommissioning	445		6,743	3,569	58,599	1,359	5,556	76,271
Interest & Amortization	5		17,757	509	41,680	145	5,555	65,651
Gain/Loss on Ineffective Swaps			921					921
Write down of PGP to Net Future Cash Flow					41,733			41,733
Total Expense	$ 14,684	$ 81	$ 44,541	$ 23,076	$ 499,647	$ 8,715	$ 40,697	$ 631,441
Change in net position before regulatory asset adjustment	$ 419	$ (81)	$ 18,998	$ 9,035	$ (29,221)	$ 3,419	$ 7,476	$ 10,045
Net cost recoverable/future Participant billings	-	81	(18,998)	(9,035)	29,221	(3,419)	(7,476)	(9,626)
Change in Net Positon After Regulatory Adj	$ 419	$ -	$ -	$ -	$ -	$ -	$ -	$ 419
Net position at beginning of year	9,274							9,274
Net position at end of year	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

Statements of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For Fiscal Year Ended September 30, 2018

(000's US$)

2018	Business-Type Activities- Proprietary Funds							
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Revenues:								
Billings to participants	$ 13,764	$ -	$ 53,678	$ 28,027	$ 406,073	$ 10,794	$ 50,933	$ 563,269
Sales to others			2,470	352	29,883	126	552	33,383
Amounts to be recovered from (refunded to) participants			332	176	7,288	328	(436)	7,688
Investment Income (loss)	119		3,562	209	2,111	73	(669)	5,405
Total Revenue	$ 13,883	$ 0	$ 60,042	$ 28,764	$ 445,355	$ 11,321	$ 50,380	$ 609,745
Expenses:								
Operation, Maintenance & Nuclear Fuel Amortization	$ -	$ -	$ 15,752	$ 4,702	$ 61,398	$ 1,682	$ 6,860	$ 90,394
Purchased Power, Transmission & Fuel Costs			3,890	12,801	246,883	4,661	21,704	289,939
Administrative & General	12,972		3,278	1,382	22,029	774	1,941	42,376
Depreciation & Decommissioning	294		11,342	3,436	57,332	1,312	5,535	79,251
Interest & Amortization	12		15,724	969	46,974	236	5,761	69,676
Gain/Loss on Ineffective Swaps			976					976
Development Fund Distribution	5,000							5,000
Write-off Development Project	83							83
Total Expense	$ 18,361	$ 0	$ 50,962	$ 23,290	$ 434,616	$ 8,665	$ 41,801	$ 577,695
Change in net position before regulatory asset adjustment	$ (4,478)	$ -	$ 9,080	$ 5,474	$ 10,739	$ 2,656	$ 8,579	$ 32,050
Net cost recoverable/future Participant billings			(9,080)	(5,474)	(10,739)	(2,656)	(8,579)	(36,528)
Change in Net Positon After Regulatory Adj	$ (4,478)	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,478)
Net position at beginning of year	16,249							16,249
Prior Period Adjustment - GASB 75 (OPEB)	(2,497)							(2,497)
Net position at end of year	$ 9,274	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,274

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to FMPA's basic financial statements, which are comprised of two components: (1) individual project or fund financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FMPA's **Entity-Wide Financial Statements** are designed to provide readers with a broad overview of FMPA's finances in a manner similar to a private-sector business. It is very important to note that, due to contractual arrangements that are the basis of each power project, no monies can be shared among projects, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie Projects.

The cash flow of one power project, although presented with all others in the financial statement presentation as required by financial reporting requirements, cannot and should not be considered available for any other project. Management encourages readers of this report, when evaluating the financial condition of FMPA, to remember that each power project or fund is a financially independent entity.

The **Statements of Net Position** presents information on all of FMPA's assets and liabilities with the differences between the two reported as Net Position. As a result of a decision by the governing bodies of FMPA, billings and revenues in excess (deficient) of actual costs are returned to (collected from) the participants in the form of billing credits (charges). The assets within the Agency Fund represent those required for staff operations, which coordinate all of the power projects described herein.

The **Statements of Revenues, Expenses and Changes in Fund Net Position** present information regarding how FMPA's net position has changed during the fiscal year ended September 30, 2019. All changes in net position are reported as the underlying event giving rise to the change as it occurs, regardless of the timing of related cash flows. Therefore, some revenues and expenses that are reported in these statements for some items will only result in cash flows in future fiscal periods, such as unrealized gains or losses from investment activities, uncollected billings and earned but unused vacation.

The **Statements of Cash Flows** provide information about FMPA's Agency Fund and each project's cash receipts and disbursements during the fiscal year. These statements report cash receipts, cash payments and net changes in cash resulting from operating, investing and capital & related financing activities.

All of the activities of FMPA are of a business type, as compared to governmental activities. FMPA has no component units to report. The Financial Statements can be found on pages 12 through 14 of this report.

The **Fund Financial Statements** are comprised of a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. FMPA, like governments and other special agencies or districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of FMPA are reported on the proprietary basis.

FMPA maintains only one type of Proprietary Fund, the Enterprise Fund type. Enterprise Funds are used to report the same functions presented as business-type activities in the financial statements. FMPA uses enterprise funds to account for all of its power projects, as well as the Agency business operations. Each of the funds is considered a "major fund" according to specific accounting rules. A summary of FMPA's activities for years 2019 and 2018 is shown on pages 6 and 7. A more detailed version of the major fund proprietary financial statements can be found on pages 12 through 14 of this report.

The Notes to Financial Statements provide additional information that is essential to understanding the data provided in both the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15 through 54 of this report.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, when readers use the financial presentations to evaluate FMPA's financial position and results of operations, it is essential to remember the legal separation that exists among the projects. Nevertheless, broad patterns and trends may be observed at this level that should lead the reader to study carefully the financial statements of each fund and project. For example, total revenues increased $31.7 million primarily due to increased sales to participants and off system sales.

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS

FMPA uses fund accounting, Federal Energy Regulatory Commission accounting and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements. The projects and funds are presented below and in the financial statements in the order in which they were established.

The **Agency Fund** accounts for the administrative activities of FMPA. The expenses incurred while operating the projects and administrative activities are allocated to the power projects, net of any miscellaneous receipts. Total General and Administrative expenses increased $1.3 million from fiscal year 2018 to fiscal year 2019.

The **Pooled Loan Fund** was re-established during the current fiscal year and made one loan to a member during September 2019. As required by the Governmental Accounting Standards Board Statement 91 it is recognized as conduit debt and the corresponding receivable and payable are not included on the statement of Net Position.

The **St. Lucie Project** consists of an 8.806% undivided ownership interest in St. Lucie Unit 2. This unit is a nuclear power plant primarily owned and operated by Florida Power & Light (FPL). FPL requested and received a 20-year extension of the operating license from the Nuclear Regulatory Commission (NRC) for Units 1 and 2. The license will allow Unit 1 to operate until 2035 and Unit 2 to operate until 2043.

The Project billed 683,132 Megawatt-hours (MWh) in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 3% to $80.14 in fiscal year 2019, due to lower than expected generation output.

The **Stanton Project** derives its power from a 14.8193% ownership interest in Stanton Unit 1, a 441 Megawatt coal-fired power plant operated by its primary owner, Orlando Utilities Commission (OUC).

The Project billed 332,105 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses increased 17.5% to $97.92 per MWh in fiscal year 2019 due to increased net operating revenues needed to build reserve funds.

The **All-Requirements Project** (ARP) consists of 13 active participants. The ARP energy resources are part of the Florida Municipal Power Pool (FMPP), a consortium of three municipal energy suppliers - ARP, Lakeland Electric and OUC - which have agreed to dispatch resources on an economic cost and availability basis in order to meet combined loads. The average all-inclusive billed rate to ARP member cities was $71.22 per MWh in fiscal year 2019, which is all-inclusive of Energy, Demand and Transmission expenses. The billed Megawatt hours for fiscal year 2019 were 5,893,412.

Billings to ARP participants in fiscal year 2019 were 3% higher, increasing from $406 million to $419 million primarily due to an increase in participant loads.

The All-Requirements participant net cost of power decreased to $71.37 per MWh in fiscal year 2019, a 2% decrease from fiscal year 2018. This decrease was primarily due to lower fuel and operation and maintenance expenses. The fuel supply mix was 82.2% for natural gas, 16.1% for coal, 1.3% nuclear and 0.4% for renewables.

FINANCIAL ANALYSIS OF FMPA'S FUNDS AND PROJECTS (CONTINUED)

After consideration of amounts to be refunded to or recovered from Project participants, the net position of the All-Requirements Project was zero (by design) again in fiscal year 2019. The All-Requirements project adjusts the Demand, Energy, and Transmission rates each month based on the current expenses, estimated future expenses, and over/under collections to meet its 60-day cash target. The over/under collection amounts are shown in the Statements of Revenues, Expenses and Changes in Fund Net Position as an addition or reduction to "Billings to Participants" and as "Due from Participants" or "Due to Participants" in the accompanying Statement of Net Position.

The **Tri-City Project** consists of a 5.3012% ownership interest in Stanton Unit 1. The Project billed 121,919 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy and Transmission expenses, increased 16% to $100.85 per MWh during fiscal year 2019 due to increased net operating revenues needed to build reserve funds

The **Stanton II Project** consists of a 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant operated by its primary owner; Orlando Utilities Commission (OUC). The Project billed 507,678 MWh in fiscal year 2019. The average all-inclusive billing rate, which includes budgeted Demand, Energy, and Transmission expenses, increased by 10% to $92.92 per MWh in fiscal year 2019. This was caused by a decrease in MWh Sales related to longer than normal outages.

BUDGETARY HIGHLIGHTS

The FMPA Board of Directors approves the non All-Requirements Project budgets, and the Executive Committee approves the Agency and All-Requirements Project budgets, establishing legal boundaries for expenditures. For fiscal year 2019, the Stanton, Tri-City and Stanton II budgets were amended at the end of the fiscal year to increase expenditures $2.0 million, $1.0 million, and $1.0 million, respectively. This was due to higher fuel expenses due to lower coal pricing contributing to higher utilization of those units.

CAPITAL ASSETS AND LONG-TERM DEBT

FMPA's investment in **Capital Assets,** as of September 30, 2019, was $790 million, net of accumulated depreciation and inclusive of work-in-process and development projects. This investment in capital assets includes operational and construction projects in progress of generation facilities, transmission systems, land, buildings, improvements, and machinery and equipment.

FMPA's investment in capital assets for fiscal year 2019 decreased by 4.7% or $39.7 million. This was caused primarily by depreciation of plant assets.

At September 30, 2019, FMPA had **Long-term debt** of $1.2 billion in notes, loans and bonds payable. The remaining principal payments on Long-term debt less current portion, net of unamortized premium and discount, and deferred outflows are as follows:

Project	Amount (000's US$)
Agency Fund	$ -
St. Lucie Project	130,798
Stanton Project	-
All-Requirements Project	971,772
Tri-City Project	-
Stanton II Project	115,541
Total	$ 1,218,111

See **Note VIII** to the Notes to Financial Statements for further information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Multi-year operational and financial modeling was conducted to arrive at the fiscal year 2019 budget. Expenses were estimated using current market conditions for fuel and estimated member loads which take into consideration the member cities' economies that have shown varying impacts on loads in both demand and energy due to current economic conditions. Rates are set in order to cover all costs and based on the member loads. Additionally, All-Requirements rates are adjusted monthly to maintain cash at a 60 day target as approved by the Executive Committee.

SIGNIFICANT EVENTS

A. St. Lucie Debt Reduction

The Board of Directors approved a St. Lucie Project Debt Reduction Strategy on October 18, 2019 which was completed as follows:

November 21, 2018 –Forward Sales Agreement was terminated at a gain (payment to FMPA) of $3.1 million.

December 7, 2018 – St. Lucie Swaps were terminated at a cost of $6.8 million paid to Swap counterparties.

By December 31, 2018 - all the auction rate debt, consisting of the St. Lucie Project Series 2000 and 2002 debt, was retired with a principal value of $161.5 million using available funds in the St. Lucie Project.

B. Vero Beach Sale

All of the necessary nineteen FMPA member cities approved the required consents and waivers and associated documents for the sale of the Vero Beach electric utility system to be achieved, and to permit the ARP to assume the Vero Beach Power Entitlement Shares in the St. Lucie, Stanton, and Stanton II Projects. In March 2019, the FMPA Executive Committee and Board of Directors approved the transfer and assignment documents to effect the transfer and assignment of the Vero Beach Power Entitlement Shares, upon the closing of the Vero Beach transaction. The closing of the transaction occurred on December 17, 2018.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the *Chief Financial Officer, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, FL 32819.*

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities							
ASSETS & DEFERRED OUTFLOWS	**Agency Fund**	**Pooled Loan Fund**	**St. Lucie Project**	**Stanton Project**	**All-Requirements Project**	**Tri-City Project**	**Stanton II Project**	**Totals**
Current Assets:								
Cash and cash equivalents	$ 5,875	$ 106	$ 11,908	$ 11,249	$ 40,304	$ 2,601	$ 3,680	$ 75,723
Investments	5,027		33,499	5,512	69,800	200	33,981	148,019
Participant accounts receivable	2,219		2,399	2,985	33,761	1,133	3,327	45,824
Fuel stock and material inventory				1,366	42,177	489	2,137	46,169
Other current assets	805		368	2	4,043		202	5,420
Restricted assets available for current liabilities			12,674	9,225	86,309	3,325	12,898	124,431
Total Current Assets	$ 13,926	$ 106	$ 60,848	$ 30,339	$ 276,394	$ 7,748	$ 56,225	$ 445,586
Non-Current Assets:								
Restricted Assets:								
Cash and cash equivlents	$ 47	$ 39	$ 14,857	$ 7,349	$ 36,173	$ 4,049	$ 5,895	$ 68,409
Investments	199		117,981	5,855	76,474	1,950	15,597	218,056
Accrued Interest			77	4	158		21	260
Less: Portion Classified as Current	$ -	$ -	(12,674)	(9,225)	(86,309)	(3,325)	(12,898)	(124,431)
Total Restricted Assets	$ 246	$ 39	$ 120,241	$ 3,983	$ 26,496	$ 2,674	$ 8,615	$ 162,294
Utility Plant:								
Electric plant	$ -	$ -	$ 300,257	$ 91,275	$ 1,283,994	$ 36,427	$ 203,972	$ 1,915,925
General plant	9,247		23,597	13	4,492	37	91	37,477
Less accumulated depreciation and amortization	(6,195)		(304,178)	(64,209)	(653,301)	(26,004)	(110,145)	(1,164,032)
Net utility plant	$ 3,052	$ -	$ 19,676	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 789,370
Construction work in progress	40		878					918
Total Utility Plant, net	$ 3,092	$ -	$ 20,554	$ 27,079	$ 635,185	$ 10,460	$ 93,918	$ 790,288
Other Assets:								
Net costs recoverable/future particpant billings	$ -	$ 81	$ 28,298	$ -	$ 258,465	$ -	$ -	$ 286,844
Prepaid natural Gas - PGP					16,521			16,521
Due from (to) other funds	140	(140)						
Other	242				12			254
Total Other Assets	$ 382	$ (59)	$ 28,298	$ -	$ 274,998	$ -	$ -	$ 303,619
Total Assets	$ 17,646	$ 86	$ 229,941	$ 61,401	$ 1,213,073	$ 20,882	$ 158,758	$ 1,701,787
Deferred Outflows of Resources								
Deferred Outflows from Asset Retirement Obligations	$ -	$ -	$ -	$ 1,002	$ 1,116	$ 359	$ 1,572	$ 4,049
Deferred Outflows from Derivatives					6,375			6,375
Unamortized Loss on Advanced Refunding			5,922	-	45,427	-	9,691	61,040
Total Deferred Outflows	$ -	$ -	$ 5,922	$ 1,002	$ 52,918	$ 359	$ 11,263	$ 71,464
Total Assets & Deferred Outflows	$ 17,646	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$ 1,773,251
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
Current Liabilities:								
Payable from unrestricted assets:								
Accounts payable & Accrued Liabilities	$ 2,046	$ 47	$ 70	$ 1,299	$ 32,150	$ 489	$ 974	$ 37,075
Due to Participants		39	4,777	1,319	25,524	429	2,199	34,287
Line of Credit Payable					5,000			5,000
Capital Lease and other Obligations					13,970			13,970
Total Current Liabilities Payable from Unrestricted Assets	$ 2,046	$ 86	$ 4,847	$ 2,618	$ 76,644	$ 918	$ 3,173	$ 90,332
Payable from Restricted Assets:								
Current portion of long-term revenue bonds	$ -	$ -	$ 9,515	$ 8,985	$ 66,355	$ 3,290	$ 10,747	$ 98,892
Accrued interest on long-term debt			3,159	240	18,154	35	2,151	23,739
Total Current Liabilities Payable from Restricted Assets	$ -	$ -	$ 12,674	$ 9,225	$ 84,509	$ 3,325	$ 12,898	$ 122,631
Total Current Liabilities	$ 2,046	$ 86	$ 17,521	$ 11,843	$ 161,153	$ 4,243	$ 16,071	$ 212,963
Long-Term Liabilities Payable from Restricted Assets:								
Held in Trust for Rate Stabilization	$ 239	$ -	$ -	$ -	$ -	$ -	$ -	$ 239
Accrued Decommissioning Liability			87,544					87,544
Total Liabilities Payable from Restricted Assets	$ 239	$ -	$ 87,544	$ -	$ -	$ -	$ -	$ 87,783
Long-Term Liabilities Less Current Portion:								
Long-term debt	$ -	$ -	$ 130,798	$ -	$ 971,772	$ -	$ 115,541	$ 1,218,111
Other Post-employment Benefits	5,668							5,668
Landfill Closure & Asset Retirement Obligations				1,123	1,255	402	1,782	4,562
Advances from Participants					18,688			18,688
Derivative Instruments					15,896			15,896
Total Long-Term Liabilities	$ 5,668	$ -	$ 130,798	$ 1,123	$ 1,007,611	$ 402	$ 117,323	$ 1,262,925
Deferred Inflows of Resources								
Net cost refundable/future participant billings	$ -	$ -	$ -	$ 49,437	$ -	$ 16,596	$ 36,627	$ 102,660
Acquisition Adjustment - Vero Beach Entitlements					97,227			97,227
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ 49,437	$ 97,227	$ 16,596	$ 36,627	$ 199,887
Total Long-Term Liabilities & Deferred Inflows	$ 5,907	$ -	$ 218,342	$ 50,560	$ 1,104,838	$ 16,998	$ 153,950	$ 1,550,595
Total Liabilities and Deferred Inflows	$ 7,953	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$ 1,763,558
Net Position:								
Net Investment in Capital Assets	$ 3,092	$ -	$ (113,837)	$ 18,094	$ (371,485)	$ 7,170	$ (22,679)	$ (479,645)
Restricted	7	39	$ 42,212	$ 12,968	$ 91,006	$ 5,963	$ 19,361	171,556
Unresticted	6,594	(39)	$ 71,625	$ (31,062)	$ 280,479	$ (13,133)	$ 3,318	317,782
Total Net Position	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693
Total Liabilities and Net Position	$ 17,646	$ 86	$ 235,863	$ 62,403	$ 1,265,991	$ 21,241	$ 170,021	$ 1,773,251

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
STATEMENT REVENUE, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities							
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Requirements Project	Tri-City Project	Stanton II Project	Totals
Operating Revenue:								
Billings to participants	$ 14,760	$ -	$ 54,748	$ 32,521	$ 419,721	$ 12,296	$ 47,171	$ 581,217
Interchange Sales	-	-			17,853			17,853
Sales to others			2,892	360	16,555	129	565	20,501
Amortization of Vero Beach Acquisition Adj.					8,758			8,758
Amounts to be recovered from (refunded to) participants			(4,777)	(1,319)	889	(429)	(2,200)	(7,836)
Total Operating Revenue	$ 14,760	$	$ 52,863	$ 31,562	$ 463,776	$ 11,996	$ 45,536	$ 620,493
Operating Expenses:								
Operation and maintenance	$ -	$ -	$ 7,594	$ 5,134	$ 79,383	$ 1,836	$ 8,634	$ 102,581
Fuel expense	-	-		11,132	196,638	4,123	16,836	228,729
Nuclear fuel amortization	-	-	5,338					5,338
Purchased power	-	-	3,116		28,034			31,150
Transmission services	-	-	350	1,170	29,658	415	1,895	33,488
General and administrative	14,234	81	2,722	1,562	23,922	837	2,221	45,579
Depreciation and amortization	445	-	1,408	3,569	58,599	1,359	5,556	70,936
Decommissioning			5,335					5,335
Total Operating Expense	$ 14,679	$ 81	$ 25,863	$ 22,567	$ 416,234	$ 8,570	$ 35,142	$ 523,136
Total Operating Income	$ 81	$ (81)	$ 27,000	$ 8,995	$ 47,542	$ 3,426	$ 10,394	$ 97,357
Non-Operating Income (Expense):								
Interest expense	$ (5)	$ -	$ (11,675)	$ (472)	$ (35,043)	$ (69)	$ (3,295)	$ (50,559)
Debt costs					(152)			(152)
Investment earnings (losses)	343		10,676	549	6,681	138	2,637	21,024
Loss on ineffective swaps			(921)					(921)
Amortization of swap terminations					(31)			(31)
Amortization of Loss on Advanced Termination			(6,082)	(37)	(6,485)	(76)	(2,260)	(14,940)
Write down of PGP to Net Future Cash Flow					(41,733)			(41,733)
Total Non-Operating Income (Expenses)	$ 338	$	$ (8,002)	$ 40	$ (76,763)	$ (7)	$ (2,918)	$ (87,312)
Change in net assets before regulatory asset adjustment	$ 419	$ (81)	$ 18,998	$ 9,035	$ (29,221)	$ 3,419	$ 7,476	$ 10,045
Net cost recoverable/future participant billings	$	$ 81	$ (18,998)	$ (9,035)	$ 29,221	$ (3,419)	$ (7,476)	$ (9,626)
Change in Net Position After Regulatory Adj	$ 419	$	$	$	$	$	$	$ 419
Net Postion at beginning of year	9,274							9,274
Net Position at end of year	$ 9,693	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,693

The accompanying notes are an integral part of these financial statements

FLORIDA MUNICIPAL POWER AGENCY
Statement of Cash Flows
Proprietary Funds
September 30,2019

	Business-Type Activities- Proprietary Funds							
	Agency Fund	Pooled Loan	St. Lucie Project	Stanton Project	All Requirements Project	Tri-City Project	Stanton II Project	Totals
Cash Flows From Operating Activities:								
Cash Received From Customers	$ 13,192	$ 39	$ 58,001	$ 32,534	$ 452,149	$ 12,570	$ 47,271	$ 615,756
Cash Paid to Suppliers	(6,178)	(34)	(14,476)	(18,321)	(346,984)	(6,977)	(28,664)	(421,634)
Cash Paid to Employees	(7,407)							(7,407)
Net Cash Provided by (Used in) Operating Activities	$ (393)	$ 5	$ 43,525	$ 14,213	$ 105,165	$ 5,593	$ 18,607	$ 186,715
Cash Flows From Investing Activities:								
Proceeds From Sales and Maturities Of Investments	$ 9,469	$ -	$ 1,229,928	$ 75,051	$ 615,113	$ 16,879	$ 52,327	$ 1,998,767
RSA Deposits and Interest Earnings	(251)							(251)
Purchases of Investments	(4,187)		(1,088,318)	(64,577)	(590,062)	(14,699)	(45,241)	(1,807,084)
Income received on Investments	267		16,563	461	4,404	140	1,296	23,131
Net Cash Provided by (Used in) Investment Activities	$ 5,298	$ -	$ 158,173	$ 10,935	$ 29,455	$ 2,320	$ 8,382	$ 214,563
Cash Flows From Capital & Related Financing Activities:								
Proceeds from Issuance of Bonds & Loans	$ -	$ -	$ -	$ -	$ 10,733	$ -	$ -	$ 10,733
Debt Issuance Costs					(151)			(151)
Vero Beach Withdrawl Payment					105,355			105,355
Capital Expenditures - Utility Plant	(303)		(7,831)	(1,851)	(18,926)	(662)	(7,212)	(36,785)
Long Term Gas Pre Pay - PGP					(1,311)			(1,311)
Principal Payments - Long Term Debt	(220)		(169,275)	(8,339)	(132,827)	(3,215)	(10,513)	(324,389)
Line of Credit Advances								
Line of Credit Payments								
Transferred (To) From Other Funds	(140)	140						
Interest paid on Debt	(7)		(10,635)	(1,699)	(54,287)	(465)	(6,065)	(73,158)
Swap Termination Payments			(4,617)					(4,617)
Deferred Charges - Solar Project	(107)							(107)
Net Cash Provided (Used in) Capital & Related Financing Activities	$ (777)	$ 140	$ (192,358)	$ (11,889)	$ (91,414)	$ (4,342)	$ (23,790)	$ (324,430)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 4,128	$ 145	$ 9,340	$ 13,259	$ 43,206	$ 3,571	$ 3,199	$ 76,848
Cash and Cash Equivalents - Beginning	1,794		17,425	5,339	33,271	3,079	6,376	67,284
Cash and Cash Equivalents - Ending	$ 5,922	$ 145	$ 26,765	$ 18,598	$ 76,477	$ 6,650	$ 9,575	$ 144,132
Consisting of:								
Unrestricted	$ 5,875	$ 106	$ 11,908	$ 11,249	$ 40,304	$ 2,601	$ 3,680	$ 75,723
Restricted	47	39	14,857	7,349	36,173	4,049	5,895	68,409
Total	$ 5,922	$ 145	$ 26,765	$ 18,598	$ 76,477	$ 6,650	$ 9,575	$ 144,132
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ 81	$ (81)	$ 27,000	$ 8,995	$ 47,542	$ 3,426	$ 10,394	$ 97,357
Adjustment to Reconcile Net Operating Income to Net Cash Provided by (Used In) Operating Activities:								
Depreciation	445		1,408	3,569	58,599	1,359	5,556	70,936
Asset Retirement Costs								
Decommissioning			5,335					5,335
Amortization of Nuclear Fuel			5,338					5,338
Amortization of Pre Paid Gas - PGP					7,090			7,090
Amortization of Vero Exit Payment					(8,758)			(8,758)
Changes in Assests and Liabilities Which Provided (Used) Cash:								
Inventory				(790)	(580)	(282)	(1,238)	(2,890)
Receivables From (Payable to) Participants	(1,568)	39	5,137	972	(2,867)	573	1,735	4,021
Accounts Payable and Accrued Expense	740	47	(970)	1,313	1,822	469	2,002	5,423
Other Deferred Costs			2		149			151
Net Cash Provided By (Used In) Operating Activities	$ (393)	$ 5	$ 43,525	$ 14,213	$ 105,165	$ 5,593	$ 18,607	$ 186,715
Noncash Investing, capital and financing activities:								
Increase (Decrease) in mark to market values								
Non-Trust Investments	$ 76	$ -	$ (5,610)	$ 116	$ 2,471	$ 14	$ 1,357	$ (1,576)
Interest Rate Derivative Contracts			976					976
Change in Effective Swaps			5,875		(808)			5,067

The accompanying notes are an integral part of these financial statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

Florida Municipal Power Agency (FMPA or Agency) was created on February 24, 1978, pursuant to the terms of an Interlocal Agreement signed by the governing bodies of 25 Florida municipal corporations or utility commissions chartered by the State of Florida.

The Florida Interlocal Cooperation Act of 1969 authorizes local government units to enter together into mutually advantageous agreements which create separate legal entities for certain specified purposes. FMPA, as one such entity, was authorized under the Florida Interlocal Cooperation Act and the Joint Power Act to finance, acquire, construct, manage, operate or own electric power projects or to accomplish these same purposes jointly with other public or private utilities. An amendment to the Florida Interlocal Cooperation Act in 1985 and an amendment to the Interlocal Agreement in 1986 authorized FMPA to implement a pooled financing or borrowing program for electric, water, wastewater, waste refuse disposal, gas or other utility projects for FMPA and its members. FMPA established itself as a project-oriented agency.

This structure allows each member the option of whether to participate in a project, to participate in more than one project, or not to participate in any project. Each of the projects are financially independent from the others and the project bond resolutions specify that no revenues or funds from one project can be used to pay the costs of any other project, except that, as of the sale of the Vero Beach electric system to FPL, the ARP has taken a transfer and assignment of Vero Beach's interests , as a project participant, in the Stanton, Stanton II and St. Lucie Projects. As of September 30, 2019, FMPA has 31 members.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency Fund and each of the projects are maintained using the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Executive Committee and the Board of Directors.

The Agency's General Bond Resolution requires that its rate structure be designed to produce revenues sufficient to pay operating, debt service and other specified costs. The Agency's Board of Directors, which is comprised of one representative from each member city, and Executive Committee, which is comprised of one representative from each of the active All-Requirements Project members, are responsible for reviewing and approving the rate structure. The application of a given rate structure to a given period's electricity sales may produce revenues not intended to pay that period's costs and conversely, that period's costs may not be intended to be recovered in that period's revenues. The affected revenues and/or costs are, in such cases, deferred for future recognition. The recognition of deferred items is correlated with specific future events, primarily payment of debt principal.

FMPA considers electric revenues and costs that are directly related to generation, purchases, transmission and distribution of electricity to be operating revenues and expenses. Revenues are recorded when they are earned and expenses are recorded when a liability is incurred, following GAAP.

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

1. Fund Accounting

FMPA maintains its accounts on a fund/project basis, in compliance with appropriate bond resolutions, and operates its various projects in a manner similar to private business. Operations of each project are accounted for as a proprietary fund and as such, inter-project transactions, revenues and expenses are not eliminated.

The Agency operates the following major funds:

- The Agency Fund, which accounts for general operations beneficial to all members and projects.
- The Pooled Loan Fund, was re-established during the current fiscal year and will loan funds to member utilities or FMPA projects.
- The St. Lucie Project, which accounts for ownership interest in the St. Lucie Unit 2 nuclear generating facility.
- The Stanton Project and the Tri-City Project, which account for respective ownership interests in the Stanton Energy Center (SEC) Unit 1, a coal-fired generation facility,
- The All-Requirements Project, which accounts for ownership interests in Stanton Energy Center Unit 1, Stanton Energy Center Unit 2, Stanton Unit A, and Indian River Combustion Turbine Units A, B, C and D. Also included in the All-Requirements Project is the purchase of power for resale to the participants and 100% ownership or ownership cost responsibility (for jointly owned and participant-owned units) of Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, FMPA's Key West Combustion Turbine Units 1, 2, 3 and 4 and Key West Stock Island MS Units 1 & 2. The project also assumed the participant interest of Vero Beach in the St. Lucie, Stanton, and Stanton II Projects.
- The Stanton II Project, which accounts for an ownership interest in SEC Unit 2.

Certain accounts within these funds are grouped and classified in the manner established by respective bond resolutions and/or debt instruments.

All funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary or business fund's principal on-going operations. The principal operating revenues of FMPA's proprietary or business funds are charges to participants for sales and services. Operating expenses for proprietary or business funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is FMPA's policy to use restricted funds for their intended purposes only, based on the bond resolutions. Unrestricted resources are used as they are needed in a hierarchical manner from the General Reserve accounts to the Operations and Maintenance accounts.

Certain direct and indirect expenses allocable to FMPA's fully owned and undivided ownership in the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project are capitalized as part of the cost of acquiring or constructing the respective utility plant. Direct and indirect expenses not associated with these projects are capitalized as part of the cost of Development Projects in Progress in the Agency Fund. Electric Plant in Service is depreciated using the straight-line method over the assets' respective estimated useful lives. Estimated useful lives for electric plant assets range from 23 years to 42 years.

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Capital Assets
FMPA has adopted the policy of capitalizing net interest costs during the period of project construction (interest expense less interest earned on the investment of bond proceeds). Capitalized net interest cost on borrowed funds include amortization of bond discount and bond premium, interest expense and interest income. The cost of major replacements of assets in excess of $5,000 is capitalized to the utility plant accounts. The cost of maintenance, repairs and replacements of minor items are expensed as incurred.

3. Inventory
Coal, oil, and natural gas inventory is stated at weighted average cost. Parts inventory for the generating plants is also stated at weighted average cost. Nuclear fuel is carried at cost and is amortized on the units of production basis.

4. Cash & Cash Equivalents
FMPA considers the following highly liquid investments (including restricted assets) to be cash equivalents for the statement of cash flows:

- Demand deposits (not including certificates of deposits)
- Money market funds

5. Investments
Florida Statutes authorize FMPA to invest in the FL Local Government Surplus Funds Trust Fund, obligations of the U.S. Instrumentalities, Money Market Funds, U.S. Government and Agency Securities, Certificates of Deposit, commercial paper and repurchase agreements fully collateralized by all the items listed above. In addition to the above, FMPA's policy also authorizes the investment in certain corporate and municipal bonds, bankers' acceptances, prime commercial paper and repurchase agreements, guaranteed investment contracts and other investments with a rating confirmation issued by a rating agency.

Investments are stated at fair value based on quoted market prices and using third party pricing models for thinly traded investments that don't have readily available market values. Investment income includes changes in the fair value of these investments. Interest on investments is accrued at the Statement of Net Position date. All of FMPA's project and fund investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

6. Debt-Related Costs
Debt issuance costs are expensed as incurred. Gains and losses on the refunding of bonds are deferred and amortized over the life of the refunding bonds or the life of the refunded bonds, whichever is shorter, using the bonds outstanding method. This method is used for the St. Lucie Project, the Stanton Project, the All-Requirements Project, the Tri-City Project and the Stanton II Project.

7. Compensated Absences
Liabilities related to Compensated Absences are recognized as incurred in accordance with GASB Statement No. 16 and are included in accrued expenses. Regular, full-time employees in good standing, upon resignation or retirement, are eligible for vacation pay, and sick/personal pay. At September 30, 2019, the liability for unused vacation was $681,352 and $593,881 for unused sick/personal leave is accounted for in the Agency Fund.

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

8. Allocation of Agency Fund Expenses

General and administrative operating expenses of the Agency Fund are allocated based on direct labor hours of specific positions and certain other minimum allocations to each of the projects. Any remaining expenses are allocated to the All-Requirements Project.

9. Billing to Participants

Participant billings are designed to systematically provide revenue sufficient to recover costs. Rates and budgets can be amended by the Board of Directors or the Executive Committee at any time.

For the All-Requirements Project, energy rate adjustments are driven by the Project's Operation and Maintenance (O & M) Fund month-end cash balance and the cash balance needed to meet the targeted balance of 60 days of cash within the O & M Fund. If it is determined that the O & M Fund balance is over the 60 days O & M Fund cash balance target amount, the energy rate adjustment will result in a lower billing rate relative to projected expenses and thereby reduce the future O & M Fund balance. Likewise, if the O & M Fund balance is below the 60 day cash target, the energy rate adjustment will result in a higher billing rate relative to projected expenses and thereby increase the future O & M Fund balance.

Amounts due from participants are deemed to be entirely collectible and as such, no allowance for uncollectible accounts has been recorded.

For the St. Lucie Project, the Stanton Project, the Tri-City Project and the Stanton II Project, variances in current fiscal year billings and actual project costs are computed and compared to the current year budget target under or over recovery and under the terms of the project contract, net excesses or deficiencies are credited or charged to future participant billings or may be paid from the General Reserve Fund, as approved by the Board of Directors, or Executive Committee as appropriate.

10. Income Taxes

FMPA is a local governmental entity and therefore is exempt from federal and state income taxes.

11. Use of Estimates

The management of FMPA has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate for useful lives of property, plant and equipment and the estimate for the nuclear decommissioning liability. Other examples include using third party pricing models for pricing of thinly traded investments, amortization of Public Gas Partner gas based on estimated total reserves and use of estimates when computing the OPEB liability. Actual results could differ from those estimates.

12. Derivative Financial Investments

FMPA uses commodity futures contracts and options on forward contracts to hedge the effects of fluctuations in the price of natural gas purchases, as well as interest rate swap contracts to hedge the fluctuations in the interest rate of variable-rate debt. The Interest Rate Swap contracts require the Agency to pay a fixed interest rate and receive a variable interest rate, based upon the London Interbank Offered Rate (LIBOR), or the Consumer Price Index (CPI). GASB Statement No. 53 was adopted by FMPA beginning with the fiscal year ending September 30, 2010. All derivative financial instruments have been evaluated for effectiveness using criteria established in GASB Statement No. 53. Related gains or losses on the derivative

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

12. Derivative Financial Investments (continued)

instruments determined to be ineffective are recorded as either a reduction of, or an addition to, Net costs refundable/participant billings or interest expense. With the All-Requirements refinancing of the 2008C and 2013A bonds in November of 2019, all swaps will be terminated.

13. Deferred Inflows and Deferred Outflows

GASB Statement No. 65 was adopted by FMPA beginning with the fiscal year ending September 30, 2013. The impacts on accounting and reporting for FMPA are as follows:

All debt issuance costs previously recorded as an asset are now expensed as incurred and included as a Regulatory asset (Net costs recoverable from future participant billings) in the Other Assets section of the Statement of Net Position.

Unbilled Asset Retirement Obligation costs are included in Deferred Outflows or resources and will be collected from participants as determined by the Board and Executive Committee during the budget process.

Any Gain/Loss on Debt Refunding was previously accounted for in the Long-Term Liabilities section of the Statement of Net Position as an addition or offset to Long-term debt and amortized to expense over the term of the debt. These are now accounted for as Deferred Outflows of Resources in the Statement of Net Position and amortized to expense over the term of the new debt.

Proceeds from Vero Beach for assumption of their Project obligations are included in deferred inflows of resources. The deferred inflow is being amortized to income to offset the additional annual costs to the All-Requirements Project for assumption of this obligation.

Long-term Regulatory Liabilities (Due to Participants) previously accounted for in the Long-Term Liabilities section of the Statement of Net Position are now accounted for as a Deferred Inflows of Resources in the Statement of Net Position and recognized as a rate benefit over future periods.

14. Financial Reporting for Pension Plans

The Governmental Accounting Standards Board Statement No. 67 was adopted by FMPA beginning with the fiscal year ending September 30, 2014. FMPA has a Defined Contribution Pension Plan and therefore the impacts were minimal compared to entities that have a Defined Benefit Pension Plan. The impacts on accounting and reporting for FMPA were additional disclosures in footnote XII.A.

15. Financial Reporting for Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) was adopted by FMPA beginning with the fiscal year ending September 30, 2018, for reporting the employer's OPEB Plan Liability. Previously, the OPEB Plan Liability was reported pursuant to Governmental Accounting Standards Board Statement No. 45. The impacts on accounting and reporting for FMPA and additional disclosures are provided in footnote XII.B and in the Required Supplementary Information section.

16. Landfill Closure and Post Closure Maintenance Cost

In accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Landfill Closure and Post Closure Maintenance Cost was implemented beginning with the fiscal year ending September 30, 2018, for reporting the Stanton, Stanton II, Tri-City and All Requirements Projects liability for the fly ash landfill at the Stanton Energy Center.

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

17. Fair Value Measurement and Application

During the year ending September 30, 2016, FMPA implemented GASB Statement No. 72 Fair Value Measurement and Application. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement clarifies the definition of fair value as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 inputs**-are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- **Level 2 inputs**-are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Agency Obligation securities are recorded at fair value based upon Bloomberg pricing models using observable inputs and as such are presented as level 2 in the GASB 72 hierarchy in footnote IV.
- **Level 3 inputs**-are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

II. Nuclear Decommissioning Liability

St. Lucie Project

The U.S. Nuclear Regulatory Commission (NRC) requires that each licensee of a commercial nuclear power reactor furnish to the NRC a certification of its financial capability to meet the costs of nuclear decommissioning at the end of the useful life of the licensee's facility. As a co-licensee of St. Lucie Unit 2, FMPA's St. Lucie Project is subject to these requirements and therefore has complied with the NRC regulations.

To comply with the NRC's financial capability regulations, FMPA established an external trust fund (Decommissioning Trust) pursuant to a trust agreement. Funds deposited, together with investment earnings in the Trust, are anticipated to result in sufficient funds in the Decommissioning Trust at the expiration of the license extension to meet the Project's share of the decommissioning costs. This is reflected in the St. Lucie Project's Statement of Net Position as Restricted Cash and Investments ($87.5 million) and Accrued Decommissioning Liability ($87.5 million) at September 30, 2019. These amounts are to be used for the sole purpose of paying the St. Lucie nuclear decommissioning costs. Based on a site-specific study approved by the Florida Public Service Commission in 2015, Unit 2's future net decommissioning costs are estimated to be $2.2 billion or $745 million in 2015 dollars, and FMPA's share of the future net decommissioning costs is estimated to be $197 million or $65 million in 2015 dollars. A new study will be completed and made available in 2020. The Decommissioning Trust is irrevocable and funds may be withdrawn from the Trust solely for the purpose of paying the St. Lucie Project's share of costs for nuclear decommissioning. Also, under NRC regulations, the Trust is required to be segregated from other FMPA assets and outside FMPA's administrative control. FMPA has complied with these regulations.

III. Landfill Closure and Post Closure Maintenance Liability and Asset Retirement Obligations

In accordance with Governmental Accounting Standard No. 18, the ownership share of the landfill closure and post closure maintenance costs the Stanton Energy Center Units 1 & 2, the proportionate closure and post closure maintenance costs of $513 thousand as of September 30, 2019, was recognized across FMPA's All Requirements, Stanton, Stanton II and Tri-City Projects. FMPA expects to recognize the remaining share of its estimated closure and post-closure costs of $438 thousand over the remaining useful life of the landfill. As of September 30, 2018 and 2019, 41.5% and 53.9%, respective of the total landfill capacity has been used. Three years remain on the landfill life.

In accordance with Governmental Accounting Standard No. 83, Asset Retirement Obligation have been calculated for each of the generating sites owned by FMPA. Significant assumptions used in the calculation of the Obligations are as follows:

There are no pollution events that need to be addressed. If a pollution event occurs it will be cleaned up as soon as practible and the expense will be recognized at the time of the event.

Scrap and salvage values for the natural gas plants exceed the cost to retire the units therefore, no obligation is accrued for these assets.

Coal plant retirement obligations are based on an EPRI study, removing costs for asbestos abatement. All ash disposal is included in the Landfill Closure Cost estimate.

The impact for each of FMPA Projects as of September 30, 2019 is:

				(000's US$)				
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project	Total
Landfill Closure Costs								
Total Exposure	$ -	$ -	$ -	$ 235	$ 261	$ 84	$ 371	$ 951
Remaining Liability				(114)	(122)	(41)	(161)	(438)
Total Liability at September 30	$ -	$ -	$ -	$ 121	$ 139	$ 43	$ 210	$ 513
Closure Liability	$ -	$ -	$ -	$ 44	$ 51	$ 16	$ 77	$ 188
Post-Closure Liability				77	88	27	133	325
Asset Retirement Obligation				1,002	1,116	359	1,572	4,049
Total Landfill Closure and Asset Retirement Obligation	$ -	$ -	$ -	$ 1,123	$ 1,255	$ 402	$ 1,782	$ 4,562

IV. Capital Assets

A description and summary as of September 30, 2019, of Capital Assets by fund and project, is as follows:

The column labeled "Increases" reflects new capital undertakings and depreciation expense. The column labeled "Decreases" reflects retirements of those assets.

A. Agency Fund

The Agency Fund contains the general plant assets of the Agency that are not associated with specific projects. Depreciation of general plant assets is computed by using the straight-line method over the expected useful life of the asset. Expected lives of the different types of general plant assets are as follows:

IV. Capital Assets (continued)

A. Agency Fund (Continued)

• Structures & Improvements	25 years
• Furniture & Fixtures	8 years
• Office Equipment	5 years
• Automobiles and Computers	3 years

New capital undertakings are accounted for in the Development Projects in Progress account and included in the Other Assets section of the Statement of Net Position. Depending on whether these undertakings become a project, costs are either capitalized or expensed. The activity for the Agency's general plant assets for the year ended September 30, 2019 was as follows:

	September 30, 2019			
	Beginning Balance	*Increases**	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 653	$ -	$ -	$ 653
General Plant	8,331	269	(6)	8,594
Construction work in process	-	40	-	40
General Plant in Service	$ 8,984	$ 309	$ (6)	$ 9,287
Less Accumulated Depreciation	(5,750)	(445)	-	(6,195)
General Plant in Service, Net	$ 3,234	$ (136)	$ (6)	$ 3,092

* Includes Retirements Less Salvage

B. St. Lucie Project

The St. Lucie Project consists of an 8.806% undivided ownership interest in St. Lucie Unit 2, a nuclear power plant primarily owned and operated by Florida Power & Light (FPL).

Depreciation was originally computed using the straight-line method over the expected useful life of the asset, which was originally computed to be 34.6 years. In FYE 2018, management extended the useful life to 41.6 years based on the extended operating license for St. Lucie Unit 2. Nuclear fuel is amortized on a units of production basis. St. Lucie plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 75	$ -	$ -	$ 75
Electric Plant	294,870	5,623	(311)	300,182
General Plant	1,209	-	-	1,209
Nuclear Fuel	20,055	2,333	-	22,388
Construction work in process	1,003	(125)	-	878
Electric Utility Plant in Service	$ 317,212	$ 7,831	$ (311)	$ 324,732
Less Accumulated Depreciation	(297,743)	(6,746)	311	(304,178)
Utility Plant in Service, Net	$ 19,469	$ 1,085	$ -	$ 20,554

* Includes Retirements Less Salvage

Construction work in process is recorded on an estimate basis and reversed 3 months later when actual amounts are determined.

IV. Capital Assets (continued)

C. Stanton Project

The Stanton Project consists of an undivided 14.8193% ownership in Stanton Energy Center Unit 1, a coal-fired power plant. Asset retirements and additions for the plant are decided by Orlando Utilities Commission (OUC), the primary owner and operator of the plant.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different plant assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Stanton Unit 1 plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
	(000's US$)			
Land	$ 125	$ -	$ -	$ 125
Electric Plant	89,300	1,850	-	91,150
General Plant	12	1	-	13
Electric Utility Plant in Service	$ 89,437	$ 1,851	$ -	$ 91,288
Less Accumulated Depreciation	(60,640)	(3,569)	-	(64,209)
Utility Plant in Service, Net	$ 28,797	$ (1,718)	$ -	$ 27,079

* Includes Retirements Less Salvage

D. All-Requirements Project

The All-Requirements Project's current utility plant assets include varying ownership interests in Stanton Energy Center Units 1 and 2; Indian River Combustion Turbines A, B, C and D; and Stanton A.The All-Requirements Project's current utility plant assets also consist of 100% ownership in the Treasure Coast Energy Center, Cane Island Units 1, 2, 3 and 4, Key West Units 1, 2, 3 and 4, and Stock Island MS Units 1 & 2, with the exception of the Key West and KUA – TARP Capital Lease Obligation. See footnote IX.A.4 for more detail on the Key West and KUA – TARP Capital Lease Obligations.

Retirements and additions for the All-Requirements Project assets are decided by the All-Requirements members.

Depreciation of plant assets and amortization of capital leases is computed using the straight-line method over the expected useful life of the asset. Expected lives of the different plant assets are as follows:

- Stanton Energy Center Units 1 and 2 40 years
- Stanton Energy Center Unit A 35 years
- Treasure Coast Energy Center 23 years
- Cane Island Unit 1 25 years
- Cane Island Units 2, 3 30 years
- Cane Island Unit 4 23 years
- Key West Units 1, 2 and 3 25 years
- Key West Stock Island Units 1 and 2 25 years
- Key West Stock Island Unit 4 23 years
- Indian River Units A, B, C and D 23 years *
- Computer Equipment 9 years

** Indian River Units A, B, C and D, reached the end of their useful lives. Management has extended the useful life by 5 years for new capital additions.*

IV. Capital Assets (continued)

D. All-Requirements Project (continued)

All-Requirements plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 13,405	$ -	$ -	$ 13,405
Electric Plant	1,252,109	18,480	-	1,270,589
General Plant	4,046	446	-	4,492
CWIP	-	-	-	-
Electric Utility Plant in Service	$ 1,269,560	$ 18,926	$ -	$ 1,288,486
Less Accumulated Depreciation	(594,702)	(58,599)	-	(653,301)
Utility Plant in Service, Net	$ 674,858	$ (39,673)	$ -	$ 635,185

* Includes Retirements Less Salvage

E. Tri-City Project

The Tri-City Project consists of an undivided 5.3012% ownership interest in Stanton Unit 1, a coal-fired power plant. Retirements and additions for Stanton Unit 1 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

Tri-City Project plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 48	$ -	$ -	$ 48
Electric Plant	35,718	662	-	36,380
General Plant	36	-	-	36
Electric Utility Plant in Service	$ 35,802	$ 662	$ -	$ 36,464
Less Accumulated Depreciation	(24,645)	(1,359)		(26,004)
Utility Plant in Service, Net	$ 11,157	$ (697)	$ -	$ 10,460

* Includes Retirements Less Salvage

F. Stanton II Project

The Stanton II Project consists of an undivided 23.2367% ownership interest in Stanton Unit 2, a coal-fired power plant. Retirements and additions for Stanton Unit 2 are determined by OUC, the primary owner and operator.

Depreciation of plant assets is computed using the straight-line method over the expected useful life of the different assets. Expected useful lives of the assets are as follows:

- Electric Plant 40 years
- Computer Equipment 9 years

IV. Capital Assets (continued)

F. Stanton II Project (continued)

Stanton Unit 2 plant asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2019			
	Beginning Balance	*Increases*	*Decreases**	*Ending Balance*
		(000's US$)		
Land	$ 217	$ -	$ -	$ 217
Electric Plant	196,543	7,212	-	203,755
General Plant	91	-	-	91
Electric Utility Plant in Service	$ 196,851	$ 7,212	$ -	$ 204,063
Less Accumulated Depreciation	(104,589)	(5,556)		(110,145)
Utility Plant in Service, Net	$ 92,262	$ 1,656	$ -	$ 93,918

* Includes Retirements Less Salvage

V. Cash, Cash Equivalents and Investments

A. Cash and Cash Equivalents

At September 30, 2019, FMPA's Cash and Cash Equivalents consisted of demand deposit accounts and money market accounts which are authorized under FMPA bond resolutions. Cash and cash equivalents are held at two financial institutions. All of FMPA's demand deposits at September 30, 2019, were insured by Federal Depository Insurance Corporation (FDIC) or collateralized pursuant to the Public Depository Security Act of the State of Florida. Current unrestricted cash and cash equivalents are used in FMPA's funds' and projects' day-to-day operations.

B. Investments

FMPA adheres to a Board and Executive Committee-adopted investment policy based on the requirements of the bond resolutions. The policy requires diversification based upon investment type, issuing institutions, and duration. All of the fund and project accounts have specified requirements with respect to investments selected and the length of allowable investment.

Investments at September 30, 2019, were insured or registered and held by its agent in FMPA's name. Changes in the fair value of investments are reported in current period revenues and expenses. All of FMPA's fund and project investments can be sold at any point due to cash flow needs, changes in market trends or risk management strategies.

Foreign Currency Risk

FMPA's investments are not exposed to foreign currency risk.

Interest-Rate Risk

FMPA's investment policy requires that funds generally be invested to match anticipated cash flow. All fund and project accounts have a specified maximum maturity for investments and, the majority of FMPA's funds are required to be invested for less than five years. All project funds and accounts are monitored using weighted average maturity analysis as well as maturity date restrictions.

Concentration of Credit Risk

Each project is separate from the others, and as such, each project is evaluated individually to determine the credit and interest rate risk. FMPA's investment policy prohibits investments in commercial paper that exceed 50% of any of the projects' or the Agency's assets. All commercial paper must be rated in the highest rating category by a nationally recognized bond rating agency at the time of purchase. These investments must not exceed 50% for any of FMPA's projects. As of September 30, 2019, fixed income commercial paper investments, held by FMPA from any one issuer (investments issued or explicitly guaranteed by the US Government, investments in mutual funds, external investment pools and other pooled investments are excluded) are limited to 10% of the projects' investment assets. No project exceeded that limit.

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

FMPA maintains all assets other than demand deposit accounts within a trust department of a bank. Under Florida Statutes, Chapter 280, public deposits in a bank or savings association by a trust department company are fully secured under trust business laws. All cash and investments, other than demand deposit accounts, are held in the name of a custodian or a trustee for the Agency and its projects.

1. Agency Fund

Cash, cash equivalents and investments on deposit for the Agency at September 30, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 47		
US Gov't/Agency Securities	199	224	Aaa/AA+/AAA *
Commercial Paper	-		
Total Restricted	$ 246		
Unrestricted			
Cash and Cash Equivalents	$ 5,875		
US Gov't/Agency Securities	5,028	447	Aaa/AA+/AAA *
Corporate Notes	501	1	
Total Unrestricted	$ 11,404		
Total	$ 11,650		

*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3/A-/A.
** Moody's/S&P/Fitch

Investments and Derivative Instruments measured at Fair Value for the Agency at September 30, 2019, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets (Level 1) *(000's US$)*	Significant Other Observable Inputs (Level 2) *(000's US$)*	Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$ -	$ 4,563	$ -
US Treasury Obligations	199		
Corporate Notes		503	
Total By Level	$ 199	$ 5,066	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 5,759		
Morgan Stanley Institutional	163		
Total Money Market and Mutual Fund Instruments	$ 5,922		
Total Market Value of Assets	$ 11,187		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(39)		
Market value (less) Accrued Interest	$ 11,148		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

2. Pooled Loan Fund Fund

Cash, cash equivalents and investments on deposit for Pooled Loans at September 30, 2019, are as follows:

	September 30, (000's US$)	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 39		
Total Restricted	$ 39		
Unrestricted			
Cash and Cash Equivalents	$ 106		
Total Unrestricted	$ 106		
Total	$ 145		

Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure	
Cash Equivalents	$ 145
Total Money Market and Mutual Fund Instruments	$ 145
Total Market Value of Assets	$ 145
Accrued Interest(including portion within other current assets of Unrestricted Assets)	
Market value (less) Accrued Interest	$ 145

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

3. St. Lucie Project

In addition to normal operational cash needs for the project, investments are being accumulated in order to pay-off the balloon maturity of the Project's debt in 2026. The primary investments being used for this are zero coupon municipal bonds. Cash, cash equivalents and investments for the St. Lucie Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	14,857		
US Gov't/Agency Securities		20,488	524	Aaa/AA+/AAA **
Municipal Bonds		3,143	575	*
Commercial Paper		94,100	3	P1/A1 **
Corporate Notes		250	15	
Total Restricted	$	132,838		
Unrestricted				
Cash and Cash Equivalents	$	11,908		
US Gov't/Agency Securities		20,693	686	aaa
Municipal Bonds		4,054	275	
Corporate Notes		8,752	826	
Total Unrestricted	$	45,407		
Total	$	178,245		

*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3/A-/A.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the St. Lucie Project at September 30, 2019, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	32,884	$	-
US Treasury Obligations		8,470				
Municipal Bonds				7,250		
Corporate Notes				9,110		
Total By Level	$	8,470	$	49,244	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	26,759				
Commercial Paper		94,100				
Morgan Stanley Institutional		6				
Total Money Market and Mutual Fund Instruments	$	120,865				
Total Market Value of Assets	$	178,579				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(334)				
Market value (less) Accrued Interest	$	178,245				

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

4. Stanton Project

Cash, cash equivalents and investments for the Stanton Project at September 30, 2019, are as follows:

	September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted	*(000's US$)*		
Cash and Cash Equivalents	$ 7,349		
US Gov't/Agency Securities	-	-	Aaa/AA+/AAA **
Municipal Bonds	1,055	1,050	*
Commercial Paper	4,800	1	P1/A1 **
Total Restricted	$ 13,204		
Unrestricted			
Cash and Cash Equivalents	$ 11,249		
US Gov't/Agency Securities	3,012	356	Aaa/AA+/AAA **
Municipal Bonds	-		*
Commercial Paper	2,500	1	P1/A1 **
Total Unrestricted	$ 16,761		
Total	$ 29,965		

*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of A3+/A-/A.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton Project at September 30, 2019, are as follows:

Investment Assets by Fair Value Level	Quoted Prices in Active Markets (Level 1) *(000's US$)*	Significant Other Observable Inputs (Level 2) *(000's US$)*	Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$ -	$ 3,014	$ -
US Treasury Obligations			
Municipal Bonds		1,059	
Commercial Paper			
Total By Level	$ -	$ 4,073	$ -
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure			
Cash Equivalents	$ 18,556		
Commercial Paper	7,300		
Morgan Stanley Institutional	42		
Wells Fargo Funds	-		
Total Money Market and Mutual Fund Instruments	$ 25,898		
Total Market Value of Assets	$ 29,971		
Accrued Interest(including portion within other current assets of Unrestricted Assets)	(6)		
Market value (less) Accrued Interest	$ 29,965		

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

5. All-Requirements Project

Cash, cash equivalents and investments for the All-Requirements Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	36,173		
US Gov't/Agency Securities		18,837	643	Aaa/AA+/AAA **
Municipal Bonds		12,765	4,095	*
Commercial Paper, CD's and Corporate Notes		44,872	2	P1/A1 **
Total Restricted	$	112,647		
Unrestricted				
Cash and Cash Equivalents	$	40,304		
US Gov't/Agency Securities		38,256	279	Aaa/AA+/AAA **
Municipal Bonds		3,944	267	*
Commercial Paper, CD's and Corporate Notes		27,600	45	P1/A1 **
Total Unrestricted	$	110,104		
Total	$	222,751		

*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of Aa3/AA+/A-.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the All-Requirements Project at September 30, 2019, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	33,046	$	-
US Treasury Obligations		24,272				
Municipal Bonds				16,852		
Brokered CD's				1,034		
Corporate Notes				24,459		
Total By Level	$	24,272	$	75,391	$	-
Investment Liabilities (Derivative Instruments)						
Interest Rate Swaps	$	-	$	(15,971)	$	-
Total	$	-	$	(15,971)	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	76,471				
Commercial Paper		47,091				
Wells Fargo Funds		6				
Total Money Market and Mutual Fund Instruments	$	123,568				
Total Market Value of Assets	$	223,231				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(480)				
Market value (less) Accrued Interest	$	222,751				
Total Investment Liabilities (Interest Rate Swaps)	$	(15,971)				

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

6. Tri-City Project

Cash, cash equivalents and investments for the Tri-City Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	4,049		
US Gov't/Agency Securities		750	1	Aaa/AAA/AAA **
Commercial Paper and Corporate Notes		1,200	1	
Total Restricted	$	5,999		
Unrestricted				
Cash and Cash Equivalents	$	2,601		
Commercial Paper		200		P1/A1 **
Total Unrestricted	$	2,801		
Total	$	8,800		

*The Municipal Bond ratings range from a best of AAA/AAA/AAA to a worst of Aa3/AAA/AA.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Tri-City Project at September 30, 2019, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	-	$	-
US Treasury Obligations		750				
Total By Level	$	750	$	-	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	6,634				
Commercial Paper		1,400				
Morgan Stanley Institutional		16				
Wells Fargo Funds						
Total Money Market and Mutual Fund Instruments	$	8,050				
Total Market Value of Assets	$	8,800				
Accrued Interest(including portion within other current assets of Unrestricted Assets)						
Market value (less) Accrued Interest	$	8,800				

V. Cash, Cash Equivalents and Investments (continued)

B. Investments (continued)

7. Stanton II Project

Cash, cash equivalents and investments for the Stanton II Project at September 30, 2019, are as follows:

		September 30, 2019	Weighted Average Maturity (Days)	Credit Rating
Restricted		*(000's US$)*		
Cash and Cash Equivalents	$	5,895		
US Gov't/Agency Securities		7,336	180	Aaa/AA+/AAA **
Commercial Paper, CD's and Corporate Notes		7,250	1	P1/A1 **
Total Restricted	$	20,481		
Unrestricted				
Cash and Cash Equivalents	$	3,680		
US Gov't/Agency Securities		16,239	439	Aaa/AA+/AAA **
Municipal Bonds		9,524	2,074	*
Commercial Paper, CD's and Corporate Notes		0		P1/A1 **
Total Unrestricted	$	29,443		
Total	$	49,924		

*The Municipal Bond ratings range from a best of Aa1/AAA/AAA to a worst of Aa1/AAA/AAA.
** Moody's/S&P/Fitch

Investments and Derivative Instruments Measured at Fair Value for the Stanton II Project at September 30, 2019, are as follows:

Investment Assets by Fair Value Level		Quoted Prices in Active Markets (Level 1) *(000's US$)*		Significant Other Observable Inputs (Level 2) *(000's US$)*		Significant Unobservable Inputs (Level 3) *(000's US$)*
Agency Obligations	$	-	$	14,558	$	-
US Treasury Obligations		9,106				
Municipal Bonds				9,595		
Brokered CD's				3,539		
Corporate Notes				5,753		-
Total By Level	$	9,106	$	33,445	$	-
Money Market and Mutual Fund Instruments Not Subject to Fair Value Disclosure						
Cash Equivalents	$	9,574				
Commercial Paper		7,250				
Wells Fargo Fund		-				
Total Money Market and Mutual Fund Instruments	$	16,824				
Total Market Value of Assets	$	59,375				
Accrued Interest(including portion within other current assets of Unrestricted Assets)		(222)				
Market value (less) Accrued Interest	$	59,153				

On October 26, 2018, all of the Stanton II Interest Rate Swaps were terminated.

VI. Derivative Financial Instruments

FMPA uses derivative instruments to hedge the effects of fluctuations in interest rates and the price of natural gas. In accordance with GASB Statement No. 53, market values of derivative instruments are included on the Statement of Net Position as either an asset or a liability depending on whether FMPA would receive or pay to terminate the instrument on the Statement of Net Position date. If the derivative instruments are determined under the Standard to be effective hedges a deferred cash outflow or a liability is recorded. If the derivative instrument is determined to be not effective under the Standard, then the market value adjustment flows through investment income. All swaps were deemed effective in fiscal year 2018, with the exception of two St. Lucie Project series. These two series were determined not to be effective pursuant to the guidelines in GASB Statement No. 53. These swaps were terminated when the 2000 and 2002 bonds were retired. One swap of the All-Requirements project was determined not to be effective in fiscal year 2019. The following table shows the classification of the various derivative instruments on the Statement of Net Position as of September 30, 2019:

	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All -Req Project	Tri-City Project	Stanton II Project	Total
Deferred Outflows								
Interest Rate Swaps	$ -	$	$ -	$ -	$ 6,375	$ -	$ -	$ 6,375
Total Deferred Outflows from Derivatives	$ -	$ -	$ -	$ -	$ 6,375	$ -	$ -	$ 6,375
Fair Market Value Derivative Instruments Liabilities								
Hybrid Swap Liability	$ -	$ -	$ -	$ -	$ 9,596	$ -	$ -	$ 9,596
Market Value Adjustment for Effective Swaps			-		6,375		-	6,375
Natural Gas Storage					(75)			(75)
Total Fair Value	$ -	$ -	$ -	$ -	$ 15,896	$ -	$ -	$ 15,896

A. Swap Agreements

Three of FMPA's projects were party to interest rate swap agreements. The objective for entering into these agreements is to convert variable interest rates to fixed rates thus reducing interest rate exposure. The 30-day London Interbank Offered Rate (LIBOR) and the US Consumer Price Index for All Urban Consumers (CPI-U) are used to determine the variable rates received. Interest requirements for variable rate debt are determined using the rate in effect at the financial statement date.

Credit Risk

The swap agreements are subject to credit risk. Counterparty credit ratings and the maximum loss due to credit risk as of September 30, 2019, is listed, by project, in the tables that follow. As part of the swap agreements, if the provider's credit rating drops below certain levels and a termination value indicates an amount that would be payable to the Agency, collateral (or cash in some circumstances) would need to be posted by the counterparty with a third-party custodian if the value of the termination payment exceeds certain threshold levels. Conversely, the Agency would have to post collateral for the same reason in some circumstances.

The Agency has an approved Debt Management Policy with regard to derivatives whereby approval is required of the appropriate project participants and our financial advisor, prior to entering into swaps or other derivative products. The policy sets minimum standards for all derivative transactions.

Interest Rate Risk

FMPA has entered into swap agreements to fix the interest rate on variable rate bonds for the entirety of the term of the bonds. As interest rates increase above the swap rates, the value of these swaps will increase. As rates decrease below the swap rates, the values will decrease. Depending on the terms of the swap agreement, collateral may have to be posted.

VI. Derivative Financial Instruments (continued)
A. Swap Agreements (continued)

Basis Risk
Basis risk exists on the swap agreements where the variable rate indices used on these swaps differ from the variable index on the bonds. If there were a mismatch between the indices, the budget process would allow FMPA to adjust rates for this difference.

Termination Risk
Termination values are listed in the following tables as of September 30, 2019. These amounts vary with changes in the market. The swaps may be terminated by the Agency if the counterparty's credit quality falls below certain levels. The Agency or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would continue to pay based on its variable index. If, at the time of the termination, the swap has a negative fair value to the Agency, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

Market Access Risk
Financial market access risk is the risk that the Agency or any of FMPA's Power Projects could not complete a financial transaction due to the lack of a counterparty at reasonable cost or terms or the inability to complete the transaction in a timely manner, for example, issuing new bonds, selling an investment to raise cash, obtaining or renewing a line or letter of credit. The inability to conduct business as needed could have significant effects on the ability of the Agency or any of its Power Projects to have needed cash balances or access to cash.

Rollover Risk
The Agency is exposed to rollover risk on swaps that may be terminated prior to the maturity of the associated debt. If these swaps are terminated prior to the maturity of the bonds, the Agency will not realize the synthetic fixed rate offered by the swaps on the underlying debt issues. New swaps entered into at the time of termination of the old swaps will likely carry different rates and terms.

GASB Statement No. 53 Effectiveness Testing
The Agency performed effectiveness tests using the Synthetic Instrument Method on all interest rate swaps for its three projects that have these agreements. In addition, in 2016 the swaps associated with ARP 2008C, 2008D and 2008E required recognition of hybrid loans in 2011 for the change in market value from the original bond date to the date of refundings. The hybrid loan total after amortizations at September 30, 2019 is $9.6 million.

. St. Lucie Project

Swaps Currently Effective
(000's US$)

Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Fair Value**	Counterparty	Counterparty Credit Rating
All Swaps were terminated in December 2018 when 2000 and 2002 Debt was paid off.							
Total Termination Value of Swaps					$ -		
Prior Year Termination Value of Swaps					$ (6,851)		
Prior Fair Market Value of Swaps Terminated					$ 6,851		

Derivative Financial Instruments (continued)

A. Swap Agreements (continued)

1. All-Requirements Project

Swaps Currently Effective
(000's US$)

Notional Amount	*Effective Date*	*Fixed Rate Paid*	*Variable Rate Received*	*Termination Date*	*Fair Value***	*Counterparty*	*Counterparty Credit Rating*
Series 2008C							
$ 22,953	10/1/2006	3.701%	72% LIBOR*	10/1/2027	$ (3,886)	Goldman Sachs Bank USA	A3/BBB+/A
-		Terminated April 2019				JP Morgan Chase & Co.	
-		Terminated April 2019				JP Morgan Chase & Co.	
-		Terminated April 2019				JP Morgan Chase & Co.	
22,953	10/1/2006	3.649%	72% LIBOR*	10/1/2027	(3,811)	Morgan Stanley	-
17,540	10/1/2006	3.697%	72% LIBOR*	10/1/2027	(3,157)	Merrill Lynch Capital Services, Inc.	-
-		Terminated April 2019				UBS AG	
15,657	10/1/2006	3.737%	72% LIBOR*	10/1/2035	(5,117)	Wells Fargo Bank, NA	Aa2/A+/AA-
$ 79,103					$ (15,971)		
Total Swap Terminaton Value					$ (15,971)		
Effective Swaps					$ (6,375)		
Hybrid Loans					(9,596)		
					$ (15,971)		
Prior Year Termination Value of Effective Swaps and Hybrid Loans					$ (15,163)		
Change in Fair Market Value					$ (808)		

*floating to fixed
** ( ) denotes that termination value payable to dealer if swap had been terminated 9/30/19

B. Natural Gas Futures, Contracts and Options

FMPA uses New York Mercantile Exchange (NYMEX) and over the counter, natural gas futures contracts, options on futures contracts and fixed-price firm physical purchases of natural gas as a tool to establish the cost of natural gas that will be needed by the All-Requirements Project in the future (next month or several years from now). NYMEX and over the counter futures contracts can be used to obtain physical natural gas supplies, however all futures contracts that FMPA enters into will be financially settled before physical settlement is required by the Exchange. Any gain or loss of value in these futures contracts are ultimately rolled into the price of natural gas burned in the Project's electric generators. As of September 30, 2019 FMPA has 38 sales contracts outstanding, valued at $75,430, which will expire in November 2019 and January 2020.

VII. Regulatory Assets (Net Costs Refundable/Future Participant Billings)

FMPA has elected to apply the accounting methods for regulatory operations of GASB No. 62. Billing rates are established by the Board of Directors or Executive Committee and are designed to fully recover each project's costs over the life of the project, but not necessarily in the same year that costs are recognized under generally accepted accounting principles (GAAP). Instead of GAAP costs, annual participant billing rates are structured to systematically recover current debt service requirements, operating costs and certain reserves that provide a level rate structure over the life of the project which is equal to the amortization period. Accordingly, certain project costs are classified as deferred on the accompanying Statement of Net Position as a regulatory asset, titled "Net costs recoverable/future participant billings," until such time as they are recovered in future rates. Types of deferred costs include depreciation and amortization in excess of bond principal payments, and prior capital construction interest costs.

In addition, certain billings recovering costs of future periods have been recorded as a regulatory liability, titled "Net costs refundable/future participant billings", or as a reduction of deferred assets on the accompanying Statement of Net Position. Types of deferred revenues include billings for certain reserve funds and related interest earnings in excess of expenditures from those funds, and billings for nuclear fuel purchases in advance of their use.

VIII. Restricted Net Position

Bond resolutions require that certain designated amounts from bond proceeds and project revenues be deposited into designated funds. These funds are to be used for specific purposes and certain restrictions define the order in which available funds may be used. Other restrictions require minimum balances or accumulation of balances for specific purposes. At September 30, 2019, all FMPA projects were in compliance with requirements of the bond resolution.

Segregated restricted net position at September 30, 2019, are as follows:

	(000's US$)							
	Agency Fund	Pooled Loan Fund	St. Lucie Project	Stanton Project	All-Req Project	Tri-City Project	Stanton II Project	Total
Debt Service Funds	$ -	$ 39	$ 32,795	$ 9,239	$ 88,748	$ 3,332	$ 17,479	$ 151,632
Reserve & Contingency Funds			12,421	3,969	20,412	2,666	4,033	43,501
Decomissioning Fund			87,699					87,699
Rate Stabilization Accounts	246							246
Accrued Interest on Long-Term Debt	-		(3,159)	(240)	(18,154)	(35)	(2,151)	(23,739)
Accrued Decommissioning Expenses			(87,544)					(87,544)
Rate Stabilization Accounts	(239)							(239)
Total Restricted Net Assets	$ 7	$ 39	$ 42,212	$ 12,968	$ 91,006	$ 5,963	$ 19,361	$ 171,556

Restrictions of the various bank funds are as follows:

- Debt service funds include the Debt Service Account, which is restricted for payment of the current portion of the bond principal and interest and the Debt Service Reserve Account, which includes sufficient funds to cover one half of the maximum annual principal and interest requirement of the specific fixed rate issues or 10% of the original bond proceeds.
- Reserve and Contingency Funds are restricted for payment of major renewals, replacements, repairs, additions, betterments and improvements for capital assets.
- If, at any time, the Debt Service Fund is below the current debt requirement and there are not adequate funds in the General Reserve Fund to resolve the deficiency, funds will be transferred from the Reserve and Contingency Fund to the Debt Service Fund.
- Decommissioning Funds are restricted and are funded for the payment of costs related to the decommissioning, removal and disposal of FMPA's ownership on nuclear power plants.
- Project Funds are used for the acquisition, construction and capitalized interest, as specified by the participants.
- Revenue Funds are restricted under the terms of outstanding resolutions.

IX. Long-Term Debt

A. Debt

FMPA enters into Long-term debt to fund different projects. The type of Long-term debt differs among each of the projects. A description and summary of Long-term debt at September 30, 2019, is as follows:

1. Agency Fund

	2019 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Wells Fargo Loan 2010	$ 220	$ -	$ (220)	$ -	$ -
	$ 220	$ -	$ (220)	$ -	$ -

Loan Payable to Wells Fargo Bank

The Agency Fund made to final payment on this loan of $220 thousand on July 1, 2019.

2. Pooled Loan Fund

	2019 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Total Loan	$ -	$ 7,935	$ -	$ 7,935	$ 342
Less Conduit Loan Bushnell	-	(7,935)	-	(7,935)	(342)
Non-Conduit Pooled Loans	$ -	$ -	$ -	$ -	$ -

Loan Payable to Capital Bank

The Pooled Loan was re-established in FY 2019 under a credit facility from Capital Bank. The credit facility will allow FMPA to sponsor loans to FMPA members or FMPA projects up to a maximum of $25 million. In September 2019 the City of Bushnell drew $7.9 million at 2.56% for 10 years. Loans to member cities are conduit debt instruments.

IX. Long-Term Debt (continued)

A. Debt (continued)

3. St. Lucie Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2019 (000's US$)				
Revenue Bonds					
Refunding 2000	$ 16,650	$ -	$ (16,650)	$ -	$ -
Refunding 2002	144,800		(144,800)	-	-
Bonds 2009A	15,640		(3,630)	12,010	3,810
Bonds 2010A	8,310		(1,980)	6,330	2,040
Bonds 2011A	23,345		(1,000)	22,345	2,415
Bonds 2011B	24,305			24,305	
Bonds 2012A	58,870			58,870	
Bonds 2013A	12,205		(1,215)	10,990	1,250
Total Principal	$ 304,125	$ -	$ (169,275)	$ 134,850	$ 9,515
Deferred Premiums And Discounts	6,707		(1,244)	5,463	
Total Revenue Bonds	$ 310,832	$ -	$ (170,519)	$ 140,313	$ 9,515
Unamortized loss on advanced refunding	$ (12,004)	$ -	$ 6,082	$ (5,922)	$ -

The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds have an interest rate of 5% through 2021. The 2010A bonds have a fixed interest rate of 2.72% through 2021. The 2011A and 2011B bonds are fixed, and have a series of maturity dates through 2026. The rates for the 2011A bonds are 5.0%, and the rate for the 2011B bonds range from 4.375% to 5.0%. The 2012A bonds have a fixed interest rate of 5.0%, and mature in 2026. The 2013A bonds have a fixed interest rate of 2.73%, and mature in 2026.

The Series 2012 bonds are subject to redemption prior to maturity at the election of FMPA on or after October 1, 2022, at a call rate of 100%.

4. Stanton Project

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
	2019 (000's US$)				
Revenue Bonds					
Refunding 2008	$ 14,605	$ -	$ (7,010)	$ 7,595	$ 7,595
Bonds 2009A	2,565		(1,175)	1,390	1,390
Wells Fargo Bank Taxable	154		(154)	-	
Total Principal	$ 17,324	$ -	$ (8,339)	$ 8,985	$ 8,985
Deferred Premiums And Discounts	8		(6)	-	
Total Bonds and Loans	$ 17,332	$ -	$ (8,345)	$ 8,985	$ 8,985
Unamortized loss on advanced refunding	$ (37)	$ -	$ 37	$ -	$ -

The 2008 and 2009A revenue bonds are fixed at interest rates which range from 4.5% to 5.5%.

IX. Long-Term Debt (continued)

A. Debt (continued)

4. Stanton Project (continued)

Loan Payable to Wells Fargo Bank

In December 2003, the Stanton Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. This loan was paid in full on October 1, 2018.

5. All-Requirements Project

	2019 (000's US$)				
Business-Type Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**	**Amounts Due Within One Year**
Revenue Bonds					
Bonds 2008A	$ 64,490	$	$ (25,975)	$ 38,515	$ 38,515
Bonds 2008B	10,285		(10,285)	-	-
Bonds 2008C	149,573		(70,470)	79,103	-
Bonds 2009A	10,440		(5,295)	5,145	5,145
Bonds 2009B	15,235			15,235	15,235
Bonds 2013A	9,605		(1,470)	8,135	1,520
Bonds 2015B	110,385		(5,655)	104,730	5,940
Bonds 2016A	424,120			424,120	
Bonds 2017A	69,625			69,625	
Bonds 2017B	52,925			52,925	
Bonds 2018A	57,790			57,790	
Total Principal	$ 974,473	$ -	$ (119,150)	$ 855,323	$ 66,355
Capital Leases and Other					
KUA - TARP	$ 116,317	$ 10,733	$ (13,007)	$ 114,043	$ 13,271
Keys - TARP	1,262		(618)	644	644
St. Lucie County	429		(52)	377	55
Total Other Liabilities	$ 118,008	$ 10,733	$ (13,677)	$ 115,064	$ 13,970
Total Principal & Capital Lease	$ 1,092,481	$ 10,733	$ (132,827)	$ 970,387	$ 80,325
Deferred Premiums And Discounts	93,038		(11,328)	81,710	
Total Revenue Bonds & Capital Lease	$ 1,185,519	$ 10,733	$ (144,155)	$ 1,052,097	$ 80,325
Unamortized loss on advanced refunding	$ (51,912)	$ -	$ 6,485	$ (45,427)	$ -

The 2008C and 2013A bonds are the only variable rate bonds, and the variable interest rates ranged from .89% to 3.97913% for the year ended September 30, 2019.

Portions of the Series 2008A, 2008C, 2009A, 2013A, 2015B, 2016A, 2017B and 2018A bonds are subject to redemption prior to maturity at the election of FMPA at a call rate of 100%. The Series 2008B, 2009B and 2017A bonds are not subject to redemption prior to maturity.

On April 1, 2019 $68.8 million of The All Requirements Series 2008C debt was retired early using a portion of the proceeds from the payment received from Vero Beach for taking over their FMPA Project obligations.

KUA – TARP Capital Lease Obligation

Effective October 1, 2008, the Capacity and Energy Sales Contract with KUA was revised and on July 1, 2019 was amended to provide additional payments with a present value of $10.7 million. Under the revised and amended contract, KUA receives agreed upon-fixed payments over preset periods.

IX. Long-Term Debt (continued)

A. Debt (continued)

5. All-Requirements Project (continued)

Payments remaining under the agreement at September 30, 2019, amount to $139.7 million and the present value of these payments is $114.0 million. The capital assets at September 30, 2019 include Facilities and Equipment of $228.8 million less Accumulated Depreciation of $150.3 million resulting in a net book value of $78.5 million.

Keys – TARP Capital Lease Obligation

Effective January 1, 2011, the Capacity and Energy Sales Contract with Keys Energy Services was revised. Under the contract, Keys Energy Services receives agreed-upon fixed payments over preset periods relating to each of their generating units. FMPA assumed all cost liability and operational management of the generating units. FMPA is accounting for this transaction as a capital lease. Total minimum payments remaining under the agreement at September 30, 2019 amount to $670 thousand and the present value of these payments is $644 thousand. The capital assets at September 30, 2019 include Facilities and Equipment of $4.8 million less Accumulated Depreciation of $4.1 million resulting in a net book value of $.7 million.

St. Lucie County

As a condition of obtaining its conditional use permit for the construction and operation of the Treasure Coast Energy Center, the All-Requirements project agreed to pay St. Lucie County, Florida $75,000 a year for a period of 20 years. Upon commercial operation of the plant, the unpaid amounts were discounted at a rate of 5.3% and capitalized to plant. At September 30, 2019, six payments remain under this obligation with the final payment to be made September 30, 2025.

Line of Credit

The All-Requirements Project has two lines of credit - one from JPMorgan Chase in the amount of $75 million, and one from Wells Fargo Bank in the amount of $25 million. The JPMorgan Chase line expires in July 2020. The Wells Fargo line expires in November 2020. $5 million has been drawn on the JPMorgan line leaving $95 million available to draw.

Other Credit Facilities

The All-Requirements Project series 2008C bonds are Variable Rate Demand Obligations secured by an irrevocable letter of credit as follows:

2008C	Bank of America	$80.0 million

The letter of credit will expire on May 19, 2021.

6. Tri-City Project

	2019 (000's US$)				
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2009A	$ 745	$ -	$ (335)	$ 410	$ 410
Bonds 2013A	5,705		(2,825)	2,880	2,880
Wells Fargo Taxable	55		(55)	-	
Total Principal	$ 6,505	$ -	$ (3,215)	$ 3,290	$ 3,290
Deferred Premiums And Discounts	-		-	-	
Total Bonds and Loans	$ 6,505	$ -	$ (3,215)	$ 3,290	$ 3,290
Unamortized loss on advanced refunding	$ (76)	$ -	$ 76	$ -	$ -

IX. Long-Term Debt (continued)

A. Debt (continued)

6. Tri-City Project (continued)

The 2009A and 2013A revenue bonds are fixed at interest rates which range from 1.88% to 4.0% and have a maturity date of October 1, 2019.

Loan Payable to Wells Fargo Bank

In December 2003, the Tri-City Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. This loan was paid in full on October 1, 2018.

7. Stanton II Project

Business-Type Activities	2019 (000's US$) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds					
Bonds 2009A	$ 4,905	$ -	$ (200)	$ 4,705	$ 465
Refunding 2012A	56,260		(4,850)	51,410	5,080
Refunding 2017A	21,888		(387)	21,501	387
Refunding 2017B	50,019		(4,834)	45,185	4,815
Wells Fargo Taxable	242		(242)	-	
Total Principal	$ 133,314	$ -	$ (10,513)	$ 122,801	$ 10,747
Deferred Premiums And Discounts	4,492		(1,005)	3,487	
Total Bonds and Loans	$ 137,806	$ -	$ (11,518)	$ 126,288	$ 10,747
Unamortized loss on advanced refunding	$ (11,951)	$	$ 2,260	$ (9,691)	$ -

The 2009A, 2012A, 2018A and 2018B revenue bonds are fixed, and have a maturity date of 2027. The rates for the bonds range from 3.0% to 5.0%.

The Series 2012A bonds are subject to redemption prior to maturity at the election of FMPA at 100%, beginning October 1, 2022. The Series 2017A and 2017B subject to redemption in whole or part prior to maturity at the call rate of 100% and Cost of Prepayment.

Loan Payable to Wells Fargo Bank

In December 2003, the Stanton II Project entered into a taxable loan with Wells Fargo Bank to finance a partial interest in the brine plant facility at the Stanton Energy Center. The loan was paid in full on October 1, 2018.

B. Major Debt Provisions (All Projects)

Principal and accrue interest payments on bonds may be accelerated on certain events of default. Events of default include failure to pay scheduled principal or interest payments and certain events of bankruptcy or insolvency of FMPA. Bond holders must give written notice of default and FMPA has 90 days to cure the default. The acceleration requires approval of holders of at least 25% of the principal amount of the outstanding bonds.

IX. Long-Term Debt (continued)

B. Major Debt Provisions (All Projects) (continued)

Bonds, which are special obligations of FMPA, are payable solely from (1) revenues less operating expenses (both as defined by the respective bond resolutions) and (2) other monies and securities pledged for payment thereof by the respective bond resolutions. The respective resolutions require FMPA to deposit into special funds all proceeds of bonds issued and all revenues generated as a result of the projects' respective Power Sales and Power Support Contracts or the Power Supply Contract. The purpose of the individual funds is also specifically defined in the respective bond resolutions.

Investments are generally restricted to those types described in Note I. Additional restrictions that apply to maturity dates are defined in the respective bond resolutions and FMPA's investment policy.

C. Defeased Debt

The following bonds have been defeased. Since investments consisting of governmental obligations are held in escrow for payment of principal and interest, the bonds are not considered liabilities of FMPA for financial reporting purposes. The principal balances of the defeased bonds at September 30, 2019 are as follows:

Dated	Description	Defeased Portion Amount Originally Issued (000's US$)	Balance at September 30, 2019
April 2016	All-Requirements Revenue Bonds, 2008A & Revenue Bonds, 2009A	$452,880	$121,323

The April 2016 Defeasance of $121.323 million was called on October 1, 2019.

D. Annual Requirements

The annual cash flow debt service requirements to amortize the long term **bonded** debt outstanding as of September 30, 2019, are as follows:

(000's US$)

	St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		
Fiscal Year Ending September	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	Totals
2020	$ 9,515	$ 6,135	$ 8,985	$ 240	$ 66,355	$ 38,748	$ 3,290	$ 62	$ 10,747	$ 4,164	$ 148,241
2021	27,320	5,291			48,445	34,730			11,082	3,762	130,630
2022	7,695	4,494			55,255	32,351			11,432	3,345	114,572
2023	5,765	4,213			42,185	30,130			11,785	2,912	96,990
2024	6,020	3,950			44,005	28,156			12,155	2,461	96,747
2025 - 2029	78,535	8,754			350,433	102,545			65,600	5,137	611,004
2030 - 2034					239,795	18,965					258,760
2035 - 2039					8,850	630					9,480
Total Principal & Interest	$ 134,850	$ 32,837	$ 8,985	$ 240	$ 855,323	$ 286,255	$ 3,290	$ 62	$ 122,801	$ 21,781	$ 1,466,424
Less:											
Interest		(32,837)		(240)		(286,255)		(62)		(21,781)	(341,175)
Unamortized Loss on refunding	(5,922)		0		(45,427)		0		(9,691)		(61,040)
Add:											
Unamortized Premium (Discount), net	5,463		0		81,710		0		3,487		90,660
Total Net Debt Service Requirement at September 30, 2019	$ 134,391	$ -	$ 8,985	$ -	$ 891,606	$ -	$ 3,290	$ -	$ 116,597	$ -	$ 1,154,869

IX. Long-Term Debt (continued)

D. Annual Requirements (continued)

The annual cash flow debt service requirements to amortize **all** long term debt outstanding as of September 30, 2019, are as follows:

(000's US$)

Fiscal Year Ending September	Agency Fund		St. Lucie Project		Stanton Project		All-Req Project		Tri-City Project		Stanton II Project		Totals
	Principal	Interest Including Swaps, Net	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	Principal	Interest	Principal	Interest Including Swaps, Net	
2020			$ 9,515	6,135	$ 8,985	$ 240	$ 80,325	$ 44,516	$ 3,290	$ 62	$ 10,747	$ 4,164	$ 167,979
2021			27,320	5,291			60,727	39,777			11,082	3,762	147,959
2022			7,695	4,494			68,252	36,733			11,432	3,345	131,951
2023			5,765	4,213			55,937	33,807			11,785	2,912	114,419
2024			6,020	3,950			58,546	31,096			12,155	2,461	114,228
2025 - 2029			78,535	8,754			397,955	106,523			65,600	5,137	662,504
2030 - 2034							239,795	18,965					258,760
2035 - 2039							8,850	629					9,479
Total Principal & Interest	$ 0	$ 0	$ 134,850	$ 32,837	$ 8,985	$ 240	$ 970,387	$ 312,046	$ 3,290	$ 62	$ 122,801	$ 21,781	$ 1,607,279

X. Commitments and Contingencies

A. Participation Agreements

FMPA has entered into participation agreements, and acquired through capital leases, individual ownership of generating facilities as follows:

Project	Operating Utility	Joint Ownership Interest	Commercial Operation Date
St. Lucie	Florida Power & Light	8.806% of St. Lucie Unit 2 nuclear plant	August 1983
Stanton*	Orlando Utilities Commission (OUC)	14.8193% of Stanton Energy Center (SEC) Unit 1 coal-fired plant	July 1987
All-Requirements*	OUC	11.3253% of SEC Unit 1	July 1987
Tri-City*	OUC	5.3012% of SEC Unit 1	July 1987
All-Requirements	OUC	51.2% of Indian River Units A & B combustion turbines	A - June 1989 B - July 1989
All-Requirements	OUC	21% of Indian River Units C & D combustion turbines	C - August 1992 D - October 1992
All-Requirements	OUC	5.1724% of SEC Unit 2 coal-fired plant	June 1996
Stanton II	OUC	23.2367% of SEC Unit 2	June 1996
All-Requirements	Southern Company	7% of Stanton Unit A combined cycle	October 2003

*OUC has the contractual right to unilaterally make any retirement decision for SEC Unit 1 beginning in 2017

X. Commitments and Contingencies (continued)

A. Participation Agreements (continued)

Operational control of the electric generation plants rests with the operating utility and includes the authority to enter into long-term purchase obligations with suppliers. FMPA is liable under its participation agreements for its ownership interest of total construction and operating costs. Further contracts with Orlando Utilities Commission (OUC) include commitments for purchases of coal. According to information provided by OUC, such existing commitments are currently scheduled to terminate on December 31, 2022. Through participation with OUC, FMPA's estimated cost share of the existing purchases by project for the next five fiscal years is summarized below.

	000's US$				
Project	**2020**	**2021**	**2022**	**2023**	**2024**
Stanton Project	$ 4,123	$ 2,721	$ 1,615	None	None
All-Requirements Project	9,617	6,346	3,767	None	None
Tri-City Project	1,475	973	578	None	None
Stanton II Project	6,466	4,267	2,533	None	None

B. Public Gas Partners, Inc.

Public Gas Partners, Inc. (PGP) is a nonprofit corporation of the State of Georgia, duly created and existing under the Georgia Nonprofit Corporation Code, O.C.G.A Sections 14-3-101 through 14-3-1703, as amended. Pursuant to its Articles of Incorporation and by-laws, PGP's purpose is to acquire and manage reliable and economical natural gas supplies through the acquisition of interests in natural gas producing properties and other long-term sources of natural gas supplies for the benefit of participating joint action agencies and large public natural gas and power systems.

On November 16, 2004, FMPA signed an agreement with six other public gas and electric utilities in five different states to form PGP. The initial members of PGP, along with FMPA, included Municipal Gas Authority of Georgia, Florida Gas Utility, Lower Alabama Gas District, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. Florida Gas Utility has left the organization, and their interest was acquired by all members, except for FMPA and the Tennessee Energy Acquisition Corporation, as of May 2008. Lower Alabama Gas District has assigned its interest in each Pool to the Gas Authority effective October 2013.

FMPA has entered into two separate Production Sharing Agreements (PSAs) that obligate FMPA to pay as a component of gas operations expense its share of all costs incurred by the related PGP Pool until all related PGP or participant debt has been paid and the last volumes have been delivered. In addition, PGP has the option, with at least six month notice, to require FMPA to prepay for its share of pool costs, which may be financed by FMPA through the issuance of bonds or some other form of long-term financing. The PSAs include a step-up provision that could obligate FMPA to increase its participation share in the pool by up to 25% in the event of default by another member.

On November 1, 2004, FMPA entered into a PSA as a 22.04% participant of PGP Gas Supply Pool No. 1 (PGP Pool #1). PGP Pool #1 was formed by all of the participants. PGP Pool #1 had targeted an initial supply portfolio capable of producing 68,000 MMBtu per day of natural gas or 493 Bcf over a 20-year period. The acquisition period for PGP Pool #1 has closed after acquiring a supply currently estimated to be 140 Bcf. Current production from Pool #1 is approximately 10,428 MMBtu per day. FMPA's share of this amounts to 2,298 MMBtu per day.

On October 1, 2005, FMPA entered into a PSA as a 25.90% participant of PGP Gas Supply Pool No. 2 (PGP Pool #2). PGP Pool #2 was formed to participate in specific transactions that have different acquisition criteria than PGP Pool #1. PGP Pool #2 had a total expenditure limit of $200 million, with FMPA's share being $52 million as authorized by the Board (before step-up provisions which would increase ARP's commitment to a maximum of $65 million). The other members of PGP Pool #2, along with FMPA, include Municipal Gas Authority of Georgia, Patriots Energy Group, Southeast Alabama Gas District and Tennessee Energy Acquisition Corporation. FMPA entered into a separate agreement with Fort Pierce Utilities Authority whereby FMPA agreed to sell to FPUA 3.474903% of

X. Commitments and Contingencies (continued)

B. Public Gas Partners, Inc. (continued)

the benefits that FMPA receives from its participation in PGP Pool #2. The acquisition period for PGP Pool #2 has closed after acquiring a supply currently estimated to be 42 Bcf. Current production for PGP Pool #2 is approximately 2,971 MMBtu per day. FMPA's share of this amounts to 742 MMBtu per day.

FMPA's share of the total investment costs amounts to approximately $103 million for PGP Pool #1, and $29 million for PGP Pool #2 as of September 30, 2019. During the current fiscal year the operating committees for Pool #1 and Pool #2 made the decision to sell the Pool 1 and 2 portfolios and close the Pools. Accordingly the project was written down to the estimated future cash flows of the assets totaling $16.5 million.

C. Contractual Service Agreements

The All-Requirements Project has signed, or accepted assignment of, Contractual Service Agreements (CSAs) with General Electric International, Inc. (GE) for the Treasure Coast Energy Center, Cane Island 3 and Cane Island 4 combustion turbines, steam turbines and generators. The CSAs cover specified monitoring and maintenance activities to be performed by GE over the contract term, which is the earlier of a specified contract end date, or a performance end date based on reaching certain operating milestones of either Factor Fired Hours or Factored Starts on the combustion turbines. GE or FMPA may terminate the agreements for the breach of the other party. The defaulting party pays the termination amount based on the performance metric specified in the contract.

On March 31, 2016 Cane Island Unit 2 CSA was transitioned to a Managed Maintenance Program (MMP). The MMP does not have a factored start or hours based payment, and maintenance is paid for at the time it's incurred at prenegotiated discounts.

The following is a summary of the contract status.

	Treasure Coast	Cane Island Unit 2	Cane Island Unit 3	Cane Island Unit 4
Original Effective Date	1/30/2007	3/31/2016	12/12/2003	12/22/2010
Last Amendment Effective Date	11/21/2017		11/21/2017	11/21/2017
Cumulative Factor Fired Hours	92,158	91,206	123,436	62,711
Term if hours based	~56,000		~78,000	~83,000
Cumulative Factored Starts				
Term if starts based				
Current Termination Amount (000's USD)	$1,791		$1,987	$1,899
Specified Contract End Date	11/21/2037	12/31/2019	11/21/2037	11/21/2037
Estimated Performance End Date	FYE 2026		FYE 2030	FYE 2029

In November 2017, FMPA and General Electric negotiated a revised CSA to combine Cane Island Units 3 & 4 and Treasure Coast under one service agreement.

D. Other Agreements

FMPA has entered into certain long-term contracts for transmission services for its projects. These amounts are recoverable from participants in the projects (except the All-Requirements Project) through the Power Sales and Project Support Contracts. FMPA has entered into Power Sales and Project Support Contracts with each of the project participants for entitlement shares aggregating 100% of FMPA's joint ownership interest. In the case of the All-Requirements Project, a Power Supply Contract was entered into providing for the participant's total power requirements (except for certain excluded resources). Revenues received under these individual project contracts are expected to be sufficient to pay all of the related project costs.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

1. St. Lucie Project (continued)

- FMPA has entered into a Reliability Exchange Agreement and a Replacement Power Agreement with FPL. The Reliability Exchange agreement results in FMPA exchanging 50% of its share of the output from St. Lucie Unit 2 for a like amount from the St. Lucie Unit 1. This agreement's original expiration was on October 1, 2017. The Parties mutually agreed to extend the expiration date to October 1, 2022. The Replacement Power Agreement provides for replacement power and energy to be made available to FMPA if FPL voluntarily ceases to operate or reduces output from St. Lucie Unit 2 or St. Lucie Unit 1 for economic reasons or valley-load conditions, until each unit is retired from service or, in the case of St. Lucie Unit 1, if the Reliability Exchange Agreement terminates prior to the retirement date of that unit. Either party may terminate the agreement with 60 days written notice.

- The St. Lucie Project, a joint owner of St. Lucie Unit 2, is subject to the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, FPL maintains $450 million of private liability insurance for the St. Lucie Plant, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $12.6 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, St. Lucie Unit 2 is subject to retrospective assessments of up to approximately $127.3 million, plus any applicable taxes, per incident at any nuclear reactor in the U.S., payable at a rate not to exceed approximately $19.0 million per incident per year. FMPA is contractually liable for its ownership interest of any assessment made against St. Lucie Unit 2 under this plan.

- FPL further participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at the St. Lucie plant and a sublimit of $1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. FPL also participates in an insurance program that provides limited coverage for replacement power costs if St. Lucie Unit 2 is out of service for an extended period of time because of an accident. In the event of an accident at one of FPL's or another participating insured's nuclear plants, St. Lucie Unit 2 could be assessed up to approximately $27 million, plus any applicable taxes, in retrospective premiums in a policy year. FPL is contractually entitled to recover FMPA's ownership share of any such assessment made against St. Lucie 2.

- On December 16, 1999, FMPA and J.P. Morgan Chase (formerly Chase Manhattan Bank) entered into a Forward Delivery Agreement for a portion of the St. Lucie Decommissioning Trust. The agreement provides that J.P. Morgan Chase deliver securities initially with a value not to be less than $10,225,000 for an equivalent payment. Upon maturity, the securities and the yield earned along with any cash delivered by J.P. Morgan Chase will be equivalent to 7.03% of the face value of the Agreement.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All-Requirements Project

- FMPA supplies all of the wholesale power needs, unless limited to a contract rate of delivery, of the All-Requirements Project participants (except for certain excluded resources). In addition to its ownership facilities, FMPA has entered into interchange and power purchase contracts with minimum future payments as detailed below.

Supplier	End of Contract		Minimum Contract Liability (000's US$)
Stanton Clean Energy LLP - Stanton A PPA	9/30/2023	$	35,055
Oleander Power Project LP, LLC - Unit 5 PPA	12/16/2027		71,635
Total Minimum Liability		$	106,690

- In October 2003, FMPA executed contracts for a $10 million investment in a brine water processing plant and other water facilities at the Stanton Energy Center in Orlando, Florida.

- The Stanton Unit A combined cycle generator receives cooling water treatment services from the brine plant and associated facilities. The owners of Stanton Unit A (Stanton Clean Energy LLC (formerly Southern Company Florida), FMPA, KUA and Orlando Utilities Commission) pay the owners of Stanton Energy Center Units 1 and 2 (including FMPA's Stanton, Stanton II, Tri-City and All-Requirements Projects) a fixed and a variable operation and maintenance charge for services received from this facility.

- The All-Requirements Project has several commitments/entitlements for natural gas transportation services to supply fuel to its owned and leased generation facilities. Below were the current commitments/entitlements during the past year.

Pipeline	Ave Daily Volume mmBtu/day)		Annual Cost (000's US$)	Expiration	Primary Delivery/Receiving Point
Fl Gas Transmission FTS-1	21,984	$	4,432	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2	61,488		16,747	Various	Cane Island Treasure Coast
Fl Gas Transmission FTS-2 Stanton A	14,950		3,423	Various	Stanton A
Transco	50,000		1,811	4/30/2026	FGT
TECO-Peoples Gas	-		750	12/31/2033	Treasure Coast
TECO- Peoples Gas	-		750	12/31/2033	Cane Island/Oleander
		$	27,913		

- The All-Requirements Project has entered into a storage contract with SG Resources Mississippi LLC, for 1 million MMBtu of storage capacity in the Southern Pines Storage facility. The contract was effective August 1, 2008, for storage capacity of 500,000 MMBtu and revised April 1, 2011, to increase the storage capacity by 500,000 MMBtu. The contract expired July 31, 2018, for 500,000 MMBtu and will expire March 31, 2021, for the remaining 500,000 MMBtu.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All Requirements (continued)

- The All-Requirements Project is under a contractual arrangement to have generation facilities in Key West, Florida, at a minimum level of 60% of the island utility's weather normalized annual peak capacity requirements. With installed capacity of 112 MW located in the Key West service territory, the All-Requirements Project believes it has sufficient existing generating capacity to fulfill the 60% on-island generation requirement well beyond the next decade.

- FMPA has entered into the Florida Municipal Power Pool (FMPP) Agreement, as amended, with the FMPP members. Pursuant to Amendment 6 – the most recent Amendment, executed June of 2013 – the term of the agreement is three years, with automatically-renewed three-year term extensions. Any party wishing to withdraw from the agreement must provide at least three years notice to the other FMPP members. The FMPP Agreement documents, among other things, how FMPP operating costs are accounted for and allocated among the members, and liability between the FMPP members.

- In 2019 Florida Gas Utilities (FGU), on behalf of the All-Requirements Project (ARP), entered into thirty-year natural gas supply agreements with the Black Belt Energy Gas District (Black Belt Energy) and the Municipal Gas Authority of Georgia (MGAG) for the purchase of specified amounts of natural gas at discounted prices that FGU expects to supply to the ARP. The ARP's weighted average discount from the transactions involving MGAG is $0.32 per MMBtu on 13,250 MMBtu per Day. The ARP's weighted average discount from the transactions involving Black Belt Energy is $0.32 per MMBtu on 10,000 MMBtu per day.

- The All Requirements Project has signed contracts with Fort Pierce Utilities Authority (FPUA), Kissimmee Utility Authority (KUA) and Keys Energy Services (KES) to operate and maintain Treasure Coast Energy Center, Cane Island Power Park and Stock Island generation facilities, respectively. The contracts provide for reimbursement of direct and indirect costs incurred by FPUA, KUA and KES, for operating the plants. The All-Requirements Project, in consultation with FPUA, KUA and KES, sets staffing levels, operating and capital budgets, and operating parameters for the plants.

- In the amended and Restated Agreement Concerning Delivery and Use of treated Sewage Effluent with Toho Water Authority for the Cane Island Site dated September 24, 2008, in the event that peak demand requires the addition of some increased storage capacity for reclaimed water, FMPA will financially assist Toho Water Authority in the construction of reclaimed water storage to assist in providing the projected peak demand. Toho Water Authority and FMPA have separately agreed that the cost of such reclaimed water storage shall not exceed $2 million. In October 2019, TOHO called on the $2 million financial assistance.

- The City of Starke and the City of Green Cove Springs have each given FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Project Contract that the term of their respective contracts will stop renewing automatically each year. The terms of their respective contracts are now fixed; Starke's contract terminates on September 30, 2035, and Green Cove Springs' contract terminates on September 30, 2037.

- The City of Vero Beach sold their system to Florida Power and Light and for a payment of $105.4 million the All-Requirements Project assumed Vero Beach's Power Project Entitlement Shares and has transferred remaining liability for 32.521%, 16.489% and 15.202% of Vero's participant entitlement shares of the Stanton, Stanton II and St. Lucie Projects, respectively.

- The City of Lake Worth has limited its All-Requirements Service to a contract rate of delivery (CROD), as permitted in Section 3 of the All-Requirements Power Supply

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All Requirements (continued)

Contract. The limitation commenced January 1, 2014. The amount of capacity and energy the City is obligated to purchase under this conversion of their contract was determined to be zero in December 2013. Additionally, effective January 1, 2014, the Capacity and Energy Sales Contract between the City and FMPA terminated.

- The City of Fort Meade has limited its All-Requirements Service to a (CROD), as permitted in Section 3 of the All-Requirements Power Supply Contract. The limitation commenced January 1, 2015. Based on the city's usage between December 2013 and November 2014, and Executive Committee action in December 2014, the maximum hourly obligation was established at 10.360 MW. Concurrently with its notice of limitation, the City gave FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of its contract will stop renewing automatically each year. The term of the City's contract is now fixed and will terminate on October 1, 2041. In March 2019, FMPA and Fort Meade entered into a Supplemental Power and Ancillary Services Agreement (Fort Meade Supplemental Agreement). Effective September 1, 2019, the ARP now serves Fort Meade with any additional power needed to serve its total requirements above its St. Lucie Project entitlement and CROD.

  The ARP also provides Fort Meade with transmission and ancillary services as if CROD had not been implemented. The effect of this arrangement is that Fort Meade is served and billed as if it was a full-requirements ARP Participant. The initial term of the Fort Meade Supplemental Agreement runs through September 30, 2027, and includes 5-year automatic renewals until the termination of Fort Meade's ARP contract. Concurrent with the approval of the Fort Meade Supplemental Agreement, the Executive Committee approved a reduction of Fort Meade's CROD amount from 10.360 MW to 9.009 MW. If the Fort Meade Supplemental Agreement is terminated prior to the termination of Fort Meade's ARP contract, Fort Meade will be served at the lower CROD amount.

- The All-Requirements Project has entered into power sales agreement with the following cities with the indicated capacity and time periods indicated:
  City of Bartow, 20 MW peaking power, expires 2020.
  City of Bartow, full power supply requirements of approximately 65 MWs from 2021 through 2022.
  City of Winter Park, 10MW base load power supply through 2019.
  City of Winter Park, partial requirements of about 70MW from 2020 through 2027.
  Other short term sales for which the Project does not receive a capacity payment.

- During 2008, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for KUA whereby the All-Requirements Project has assumed all cost liability and operational management of all KUA-owned generation assets and will pay to KUA agreed-upon fixed payments over preset periods relating to each asset. On July 1, 2019 the agreement was amended to extend payments on the assets due to anticipated extension of the operating life of the assets.

- Effective January 1, 2011, the All-Requirements Project entered into a Revised, Amended and Restated Capacity and Energy Sales Contract for Key West whereby the All-Requirements Project has assumed all cost liability and operational management of all Key West owned generation assets and will pay to Key West fixed annual payments of $670,000 each January 1 from 2011 through 2020. The revised, amended, and restated contract provides the All-Requirements Project the right to retire Keys generation assets at any time during the term of the contract, subject to the 60% on-island capacity requirement, without shortening the fixed payment term.

- In December 2018, FMPA received notice pursuant to Section 768.28, Florida Statutes, of an intent to file suit against FMPA for unspecified personal injuries relating to FMPA's interest as a co-owner of the Stanton Energy Center. OUC and KUA also received similar notices. A lawsuit was filed against OUC on December 20, 2018 alleging certain property damages and takings claims for pollution contamination. No Suit has been filed against FMPA or KUA.

X. Commitments and Contingencies (continued)

D. Other Agreements (continued)

2. All Requirements (continued)

- In the normal course of its business, FMPA has had claims or assertions made against it. In the opinion of management, the ultimate disposition of these currently asserted claims are either not substantiated or will not have a material impact on FMPA's financial statements.

E. Solar Project

In March 2018, the FMPA Board of Directors approved the formation of the Solar Project, as a sixth FMPA power supply project, and for which FMPA approved a 20-year power purchase agreement for 57 MW-AC of solar energy on behalf of its participants as of the solar facilities' commercial operation date, which is expected to be in Summer of 2020. Also in March 2018, the FMPA Executive Committee approved a 20-year power purchase agreement (among other enabling agreements) for a total of 58 MW-AC of solar energy as an ARP resource, which is estimated to achieve commercial operation by mid-2020. In coordination with these new endeavors, the Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project, and the Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants who have committed to pay for the costs of the ARP solar power purchase.

XI. Mutual Aid Agreement

The All-Requirements Project has agreed to participate in a mutual aid agreement with six other utilities for extended generator outages of defined base-load generating units. The parties of this agreement are the city of Tallahassee, Gainesville Regional Utilities, JEA, Lakeland Electric, Orlando Utilities Commission, and Municipal Electric Authority of Georgia. The All-Requirements Project has designated 120 MWs of Cane Island Unit 3, 140 MWs of Cane Island 4, and 200 MWs of the Treasure Coast Energy Center, 60 MW of Stanton Unit 1, and 60 MW of Stanton Unit 2. In the case of a qualifying failure, the All-Requirements Project will have the option to receive either 50% or 100% of the replacement of the designated MWs of the failed unit. The cost of replacement energy will be based on an identified gas index or coal index and heat rate in the agreement. In the event of any extended outage from any other participant, the All-Requirements Project would provide between 10 MWs and 53 MWs (based on the designation of the participant) for a maximum of nine months. The agreement term automatically renewed on October 1, 2017, and now has a term lasting until October 1, 2022, unless FMPA (1) has not received energy under the agreement during the current term, and (2) provides at least 90 days' notice prior to the end of the current term that it does not elect to renew it participation.

XII. Employment Benefits

A. Retirement Benefits

A Deferred Compensation Plan (in accordance with the Internal Revenue Code Section 457) and a Defined Contribution (money purchase) Plan (under the Internal Revenue Code Section 401(a)) are offered to the Agency's employees who are scheduled to work more than 1700 hours per year. The plan was established by the Board of Director's in 1984 and the Board of Directors has the authority to amend the plan. FMPA's contribution is 10% of the employee's gross base salary for the 401(a) plan. Total payroll for the year ended September 30, 2019, was $7.97 million, which approximates covered payroll. The 401(a) defined contribution plan has 67 active members with a plan balance.

The Agency's contribution may be made to either plan at the discretion of the employee. Additionally, an employee generally may contribute to the Deferred Compensation Plan, so that the combined annual contribution does not exceed the IRS annual maximum. Assets of both plans are held by ICMA Retirement Corporation, the Plan Administrator and Trustee.

XII. Employment Benefits (continued)

A. Retirement Benefits (continued)

Agency contributions to the Defined Contribution Plan resulted in expenses for the fiscal year 2019 of $734,703. Funds from these plans are not available to employees until termination or retirement, however funds from either plan can be made available, allowing an employee to borrow up to the lower of $50,000 or one half of their balance in the form of a loan.

B. Post-Employment Benefits other than Retirement

The Agency's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the Agency. The Plan, which is administered by the Agency, allows employees who retire and meet retirement eligibility requirements to continue medical insurance coverage as a participant in the Agency's plan. As of September 30, 2018 and 2019, the plan membership consisted of the following participants:

	September 30, 2018	September 30, 2019
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0	0
Active Plan Members	17	17
	32	32

The Agency pays 100% of the cost of employee-only coverage for employees hired prior to October 1, 2004 who retire upon meeting the retirement eligibility requirement, which is that age combined with service must exceed 900 months. This subsidy applies to the healthcare plan premiums for Pre-65 retirees as well as any Medicare supplement plan purchased by Post-65 retirees.

The Agency also provides up to $3,000 in HRA funds to all eligible members for life. If those members elect to cover their spouse or have handicapped dependents, the HRA benefit limit is increased to $6,000. These funds are made available to cover retirees' out-of-pocket medical expenses, and therefore are included in the Agency's Pay-As-You-Go plan costs.

Employees hired after October 1, 2004 are ineligible for any Agency subsidies, nor are they allowed to continue to participate in the plan after retirement.

No implicit benefit was valued in this valuation.

The measurement date is September 30, 2019. The measurement period for the OPEB expense was October 1, 2018 to September 30, 2019. The reporting period is October 1, 2018 through September 30, 2019. The Sponsor's Total OPEB Liability was measured as of September 30, 2019.

The Sponsor's Total OPEB Liability for The Agency's ledger adjustment was measured as of September 30, 2019 using a discount rate of 3.58%.

<u>Actuarial Assumptions</u>:
Total OPEB Liability for The Agency’s ledger adjustment was measured as of September 30, 2019 using a discount rate of 3.58%.

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2019 (measurement date) using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.58%
Initial Trend Rate	8.00%

XII. Employment Benefits (continued)

B. Post-Employment Benefits other than Retirement (continued)

Ultimate Trend Rate	4.00%
Years to Ultimate	54

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate:
Given the Agency's decision not to establish a trust for the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58 %. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

OPEB Expense:
For the year ended September 30, 2019, the Agency will recognize OPEB Cost of $674 thousand.

(000's US$)	
Fiscal Year Ending	9/30/2019
Service Cost	$ 47
Interest	215
Recognition of Changes in Total OPEB Liability	410
Administrative Expenses	2
Total OPEB Expense/(Revenue)	$ 674

Total OPEB Liability as of the Measurement Date is:

Description	(000's US$) Amount
Reporting Period Ending September 30, 2018	$ 5,229
Service Cost	47
Interest	215
Difference Between Expected and Actual Experience	-
Changes in Assumptions	410
Changes of Benefit Terms	-
Contributions - Employer	-
Benefits Payments	(233)
Other Changes	-
Reporting Period Ending September 30, 2019	$ 5,668

Changes of assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2018 to 3.58% for the reporting period ended September 30, 2019.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:
The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.58%	3.58%	4.58%
Total OPEB Liability (000's US$)	$ 6,467	$ 5,668	$ 5,010

XII. Employment Benefits (continued)

B. Post-Employment Benefits other than Retirement (continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:
The following presents the Total OPEB Liability of the Agency, as well as what the Agency's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 7.00%	4.00% - 8.00%	5.00% - 9.00%
Total OPEB Liability (000's US$)	$5,162	$ 5,668	$ 6,279

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

As of September 30, 2019, the most recent valuation date, the Total OPEB Plan Liability was $5.6 million, and assets held in trust were $0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $2.3 million, and the ratio of the Total OPEB Plan Liability to the covered payroll was 244 percent.

The OPEB Plan contribution requirements of Florida Municipal Power Agency are established and may be amended through action of its Board of Directors.

XIII. Risk Management

The Agency is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees and the public and damage to property of others. In addition, FMPA enters into contracts with third parties, some of whom are empowered to act as its agents in order to carry out the purpose of the contracts.

These contracts subject FMPA to varying degrees and types of risk. The Agency has purchased commercial insurance that management believes is adequate to cover these various risks. FMPA has elected to self-insure the Agency's risk for general liability. It is the opinion of general counsel that FMPA may enjoy sovereign immunity in the same manner as a municipality, as allowed by Florida Common Law. Under such Florida Law, the limit of liability for judgments by one person for tort is $200,000 or a maximum of $300,000 for the same incident or occurrence. At no point have settlements exceeded coverage in the past two fiscal years.

The Agency has established a Finance Committee (FC) made up of some of FMPA's Board of Directors and member's representatives, and has assigned corporate risk management to its Treasurer and Risk Director. The Treasurer and Risk Director is designated the Agency's Risk Manager, and oversees the Risk Management Department, which reports to the Chief Financial Officer. The objective of the Agency's Enterprise Risk Management program is to identify measure, monitor and report risks in order to minimize unfavorable financial and strategic impacts.

FMPA's Risk Management Policy addresses key risk areas including, but not limited to, fuel, generation, debt, investment, insurance, credit and contracts.

XIV. Related Party Transactions

A. Governing Members and Committees

Each of the members of FMPA appoints a director and one or more alternatives to serve on FMPA's Board of Directors. Tallahassee joined the Agency effective October 19th, 2018 and Vero Beach left the Agency on December 17, 2018 leaving 31 members of the Agency. The Board has responsibility for developing and approving FMPA's non All-Requirements Project budgets, hiring of the General Manager and General Counsel and establishing the Agency's bylaws, which govern how FMPA operates and the policies which implement such bylaws. The Board also authorizes all non-All-Requirements Project debt issued by FMPA and allocates the Agency Fund burden to each of the Projects. The Board elects an Agency Chairman, Vice-Chairman, Secretary and Treasurer.

The Executive Committee consists of representatives from the 13 active members of the All-Requirements Project. The Executive Committee elects a Chairman and Vice-Chairman. The Board's Secretary and Treasurer serve in the same capacity on the Executive Committee. The Executive committee has sole responsibility for developing and approving FMPA's Agency Fund and All-Requirements Project budgets, and authorizes all debt issued by the All-Requirements Project.

In order to facilitate the project decision-making process, there are project committees for the St. Lucie, Stanton, Stanton II, and Tri-City Projects which are comprised of one representative from each participant in a project. The project committees serve in an advisory capacity, and all decisions concerning the project are decided by the Board of Directors, except for the All-Requirements Project, in which all decisions are made by the Executive Committee.

The Board of Directors has authorized the creation of a Solar Project Committee, which will be advisory to the Board of Directors on matters involving the Solar Project. The Executive Committee has authorized the creation of an ARP Solar Project Advisory Committee, which is an Executive Committee subcommittee that will address matters involving ARP participants.

B. Florida Gas Utility (FGU)

The All-Requirements Project has a contractual agreement to purchase natural gas from Florida Gas Utility (FGU), which accounts for approximately 80-85% of FGU's total throughput of natural gas. FMPA and the following member cities have representatives on the FGU Board of Directors: Ft. Pierce, KUA, Leesburg and Starke.

XV. Subsequent Events

Refinancing of the 2008C and 2013A All-Requirements Project Bonds

On November 07, 2019, the All-Requirements project issued the 2019A and 2019B bonds with a face amount of $81.9 million at a premium and used the $102 million of cash to retire the 2008C and the 2013A bonds with a total face value of $85.7 million, terminate associated swaps at a cost of $15.5 million and pay closing costs. This transaction eliminates all variable rate debt and all associated swaps of the Project.

Required Supplementary Information (unaudited)

Schedule of Changes in Agency's Net OPEB Liability and Related Ratios
Last Ten Years
(000's US$)

Reporting Period Ending		9/30/2019		9/30/2018
Measurement Date		9/30/2019		9/30/2018
Total OPEB Liability				
Service Cost	$	47	$	53
Interest		215		201
Changes in Assumptions		410		(374)
Benefit Payments		(233)		(214)
Net Change in Total OPEB Liability	$	439	$	(334)
Total OPEB Liability - Beginnning of Year		5,229		5,563
Total OPEB Liabilty - End of Year	$	5,668	$	5,229
Trust Net Position				
Contirbutions - Employer	$	-	$	-
Contributions - Member		-		-
Net Investment Income		-		-
Administrative Expenses		-		-
Benefit Payments, Including Refunds		-		-
Other		-		-
Net Change in Net Position Held in Trust	$	-	$	-
Trust Fiduciary Net Position - Beginning of Year		-		-
Trust Fiduciary Net Position - End of Year	$	-	$	-
Agency Net OPEB Liability - Ending	$	5,668	$	5,229
Trust Fiduciary Net Position as a % of Total OPEB Liability		0%		0%
Covered Employee Payroll		2,321		2,167
Agency's Net OPEB Liability as a % of Covered Employee Payroll		244%		241%

* GASB Statement 75 was implemented as of September 30, 2018. Information from 2009 - 2017 is not available and this schedule will be presented on a prospective basis.

Notes to Schedule:

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2019: 3.58%
Fiscal Year Ending September 30, 2018: 4.18%

See footnote XII.B for further information.

Supplementary Information

(unaudited)

SCHEDULE OF AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES

YEAR ENDED SEPTEMBER 30, 2019

(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Agency Fund			
Received from projects	$ 15,046	$ 14,704	$ (342)
Received from member assessments	23	-	(23)
Interest income	202	241	39
Other income		54	54
	$ 15,271	$ 14,999	$ (272)
General and administrative	$ 14,601	$ 14,234	$ 367
Invested in Capital Assets	168	238	(70)
Principal on Debt	220	220	-
Other Adjustments	80	85	(5)
	$ 15,069	$ 14,777	$ 292
Net Revenue	$ 202	$ 222	$ 20
St. Lucie Project			
Participant billing	$ 53,669	$ 53,669	$ -
Reliability exchange contract sales	4,994	3,971	(1,023)
Interest income	317	698	381
	$ 58,980	$ 58,338	$ (642)
Operation and maintenance	$ 11,078	$ 8,367	$ 2,711
Purchased power	4,994	3,116	1,878
Transmission service	357	349	8
General and administrative	2,903	2,430	473
Deposit to renewal and replacement fund	5,500	2,000	3,500
Deposit to general reserve fund & FSA	6,600	11,194	(4,594)
Deposit to Nuclear Fuel Fund	-	3,500	(3,500)
Deposit to debt service fund	22,801	17,858	4,943
	$ 54,233	$ 48,814	$ 5,419
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 4,747	$ 9,524	$ 4,777

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

SCHEDULE OF AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES
YEAR ENDED SEPTEMBER 30, 2019
(000's US$)

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Stanton Project			
Participant billing & sales to others	$ 32,527	$ 32,881	$ 354
Interest income	66	260	194
	$ 32,593	$ 33,141	$ 548
Operation and maintenance, fuel	$ 16,757	$ 16,128	$ 629
Transmission service	1,185	1,170	15
General and administrative	1,529	1,562	(33)
Deposits to debt service and other funds	12,466	12,306	160
	$ 31,937	$ 31,166	$ 771
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ 656	$ 1,975	$ 1,319
All-Requirements Project			
Participant billing & sales to others	$ 455,247	$ 454,128	$ (1,119)
Transfer from Rate Protection	97,954	90,753	(7,201)
Interest Income	1,490	4,211	2,721
	$ 554,691	$ 549,092	$ (5,599)
Member Capacity	$ 56,808	$ 51,228	$ 5,580
Contract Capacity	18,010	18,064	(54)
ARP Owned Capacity	42,814	38,044	4,770
Debt & Capital Leases	197,857	193,773	4,084
Direct Charges & Other	21,824	20,942	882
Gas Transportation	31,003	31,136	(133)
Fuels	153,320	156,928	(3,608)
Purchased Power	4,877	10,000	(5,123)
Transmission	28,178	29,866	(1,688)
	$ 554,691	$ 549,981	$ 4,710
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ -	$ (889)	$ (889)

Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

SCHEDULE OF AMOUNTS DUE TO (FROM) PARTICIPANTS

RESULTING FROM BUDGET/ACTUAL VARIANCES

YEAR ENDED SEPTEMBER 30, 2019

(000's US$)

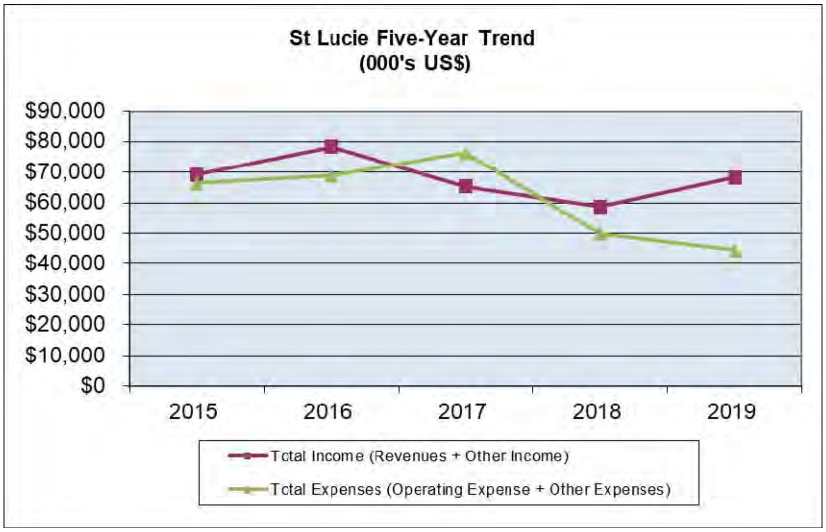
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Tri-City Project			
Participant billing & sales to others	$ 12,441	$ 12,425	$ (16)
Interest income	54	105	51
	$ 12,495	$ 12,530	$ 35
Operation and maintenance, fuel	$ 6,251	$ 5,910	$ 341
Transmission service	419	415	4
General and administrative	828	836	(8)
Deposits to debt service and other funds	5,060	5,003	57
	$ 12,558	$ 12,164	$ 394
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (63)	$ 366	$ 429
Stanton II Project			
Participant billing & sales to others	$ 46,308	$ 47,736	$ 1,428
Interest income	252	566	314
	$ 46,560	$ 48,302	$ 1,742
Operation and maintenance, fuel	$ 24,622	$ 25,235	$ (613)
Transmission service	1,915	1,895	20
General and administrative	2,107	2,221	(114)
Deposits to debt service and other funds	23,048	21,883	1,165
	$ 51,692	$ 51,234	$ 458
Net Due to (from) Participants Resulting from Budget/Actual Variances	$ (5,132)	$ (2,932)	$ 2,200

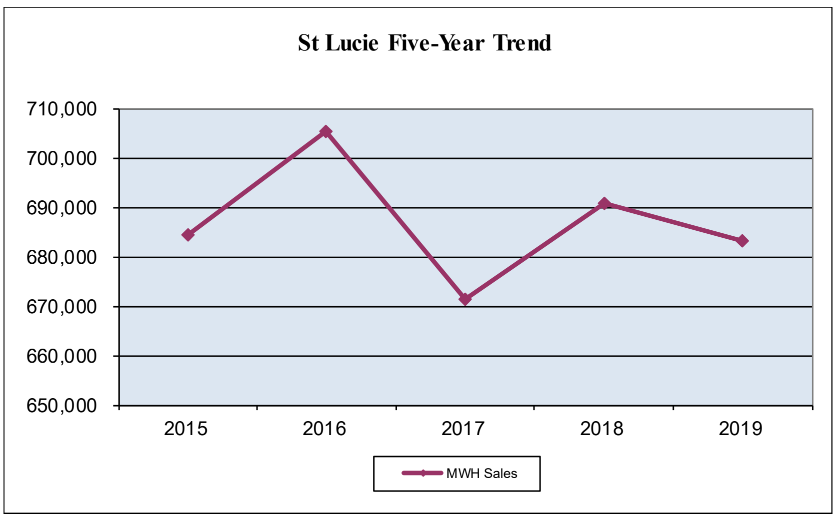
Note: These schedules are prepared on budgetary basis and as such do not present the results of operations in accordance with generally accepted accounting principles.

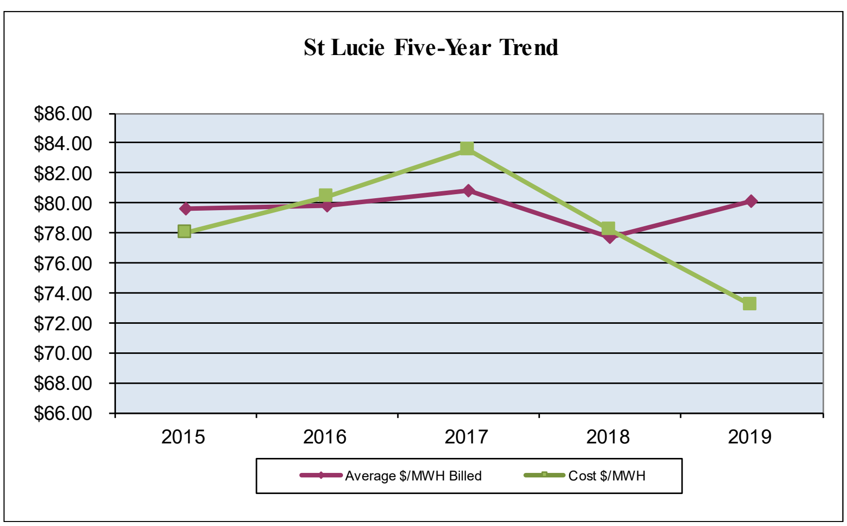
Five-Year Trend Analysis

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
St. Lucie Project					
Capital Assets	$ 74,133	$ 50,196	$ 23,656	$ 19,469	$ 20,554
Total Assets & Deferred Outflows	$441,333	$ 431,817	$ 418,281	$ 404,525	$ 235,863
Long-Term Liabilities	$424,539	$ 418,789	$ 403,457	$ 392,067	$ 130,798
Total Liabilities & Deferred Inflows	$441,333	$ 431,817	$ 418,281	$ 404,525	$ 235,863
Billings to Participants	$ 54,511	$ 56,287	$ 54,296	$ 53,678	$ 54,748
Sales to Others	2,302	2,561	2,439	2,470	2,892
Total Operating Revenues	$ 56,813	$ 58,848	$ 56,735	$ 56,148	$ 57,640
Purchased Power	$ 4,072	$ 3,874	$ 4,431	$ 3,540	$ 3,116
Production-Nuclear O&M	11,265	9,727	12,087	10,953	7,594
Nuclear Fuel Amortization	4,599	5,963	5,270	4,799	5,338
Transmission	470	380	321	350	350
General & Administrative	2,998	2,486	3,248	3,278	2,722
Depreciation & Decommissioning	28,211	31,417	35,624	11,342	6,743
Total Operating Expenses	$ 51,615	$ 53,847	$ 60,981	$ 34,262	$ 25,863
Net Operating Revenues	$ 5,198	$ 5,001	$ (4,246)	$ 21,886	$ 31,777
Investment Income	$ 12,362	$ 19,430	$ 8,553	$ 2,586	$ 10,676
Total Other Income	$ 12,362	$ 19,430	$ 8,553	$ 2,586	$ 10,676
Interest Expense	$ 14,855	$ 13,454	$ 13,759	$ 14,111	$ 11,675
Amortization & Other Expense	(117)	1,544	1,579	1,613	7,003
Total Other Expenses	$ 14,738	$ 14,998	$ 15,338	$ 15,724	$ 18,678
Net Income (Loss)	$ 2,822	$ 9,433	$ (11,031)	$ 8,748	$ 23,775
Net Cost Recovered (Credited) in the Future	(1,688)	(9,862)	9,235	(9,080)	(18,998)
Due from (to) Participants	(1,134)	429	1,796	332	(4,777)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	684,526	705,233	671,510	690,698	683,132
Average $/MWH Billed	$ 79.63	$ 79.81	$ 80.86	$ 77.72	$ 80.14
Cost $/MWH	$ 77.98	$ 80.42	$ 83.53	$ 78.20	$ 73.15

FIVE-YEAR TREND ANALYSIS



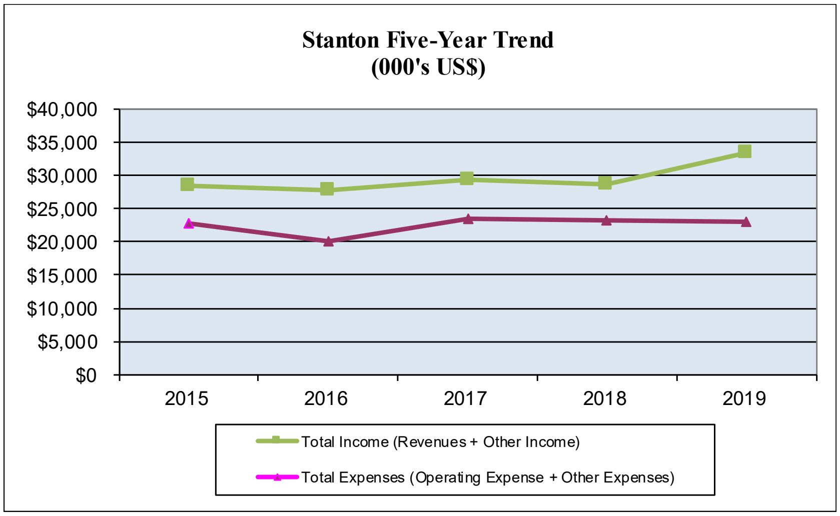


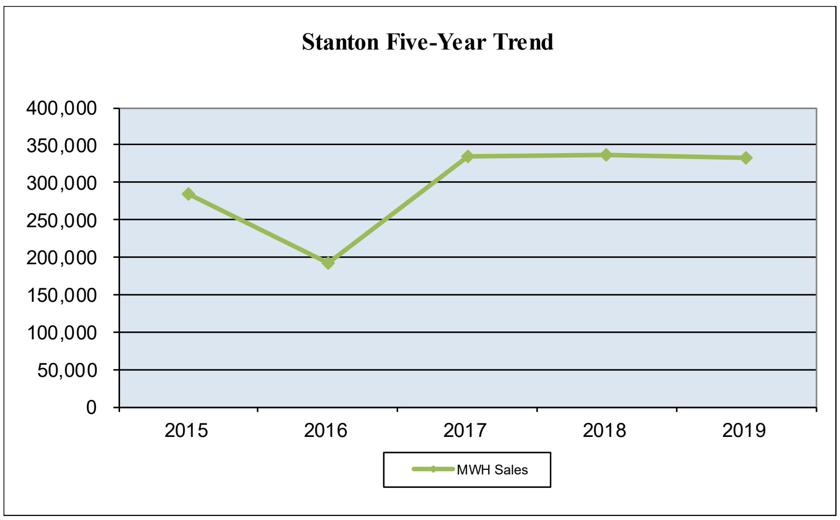


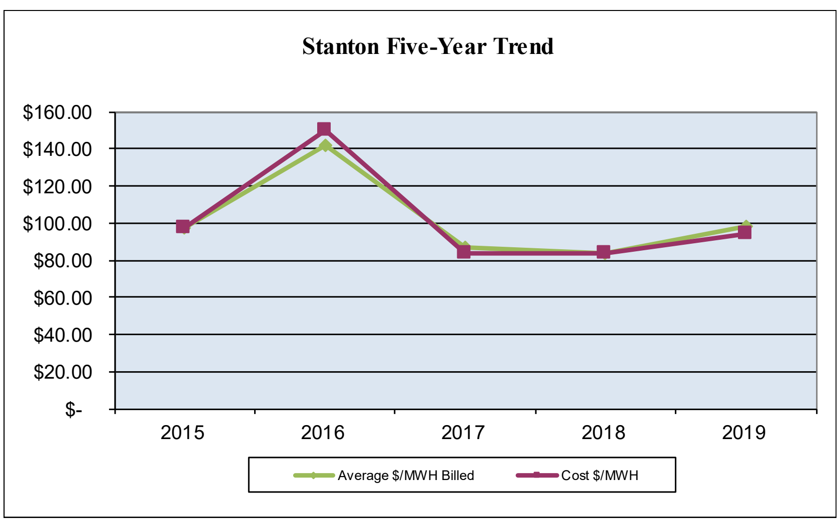
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton Project					
Capital Assets	$ 31,623	$ 30,536	$ 30,977	$ 28,797	$ 27,079
Total Assets & Deferred Outflows	$ 61,778	$ 63,579	$ 62,445	$ 59,299	$ 62,403
Long-Term Debt	$ 32,875	$ 25,299	$ 17,347	$ 9,091	$ 1,123
Total Liabilities & Deferred Inflows	$ 61,778	$ 63,579	$ 62,445	$ 59,299	$ 62,403
Billings to Participants	$ 27,716	$ 27,103	$ 28,909	$ 28,027	$ 32,521
Sales to Others	322	327	356	352	360
Total Operating Revenues	$ 28,038	$ 27,430	$ 29,265	$ 28,379	$ 32,881
Production-Steam O&M	$ 4,225	$ 5,520	$ 4,293	$ 4,702	$ 5,134
Fuel Expense	11,315	7,400	12,392	11,625	11,132
Transmission	1,222	1,132	1,062	1,176	1,170
General & Administrative	1,235	1,287	1,304	1,382	1,562
Depreciation & Decommissioning	2,759	2,937	3,029	3,436	3,569
Total Operating Expenses	$ 20,756	$ 18,276	$ 22,080	$ 22,321	$ 22,567
Net Operating Revenues	$ 7,282	$ 9,154	$ 7,185	$ 6,058	$ 10,314
Investment Income	$ 450	$ 251	$ 122	$ 209	$ 549
Total Other Income	$ 450	$ 251	$ 122	$ 209	$ 549
Interest Expense	$ 1,843	$ 1,680	$ 1,310	$ 911	$ 472
Amortization & Other Expense	137	112	86	58	37
Total Other Expenses	$ 1,980	$ 1,792	$ 1,396	$ 969	$ 509
Net Income (Loss)	$ 5,752	$ 7,613	$ 5,911	$ 5,298	$ 10,354
Net Cost Recovered (Credited) in the Future	(5,762)	(9,121)	(5,042)	(5,474)	(9,035)
Due from (to) Participants	10	1,508	(869)	176	(1,319)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	284,081	190,985	334,166	336,361	332,105
Average $/MWH Billed	$ 97.56	$ 141.91	$ 86.51	$ 83.32	$ 97.92
Cost $/MWH	$ 97.60	$ 149.81	$ 83.91	$ 83.85	$ 93.95

Five-Year Trend Analysis





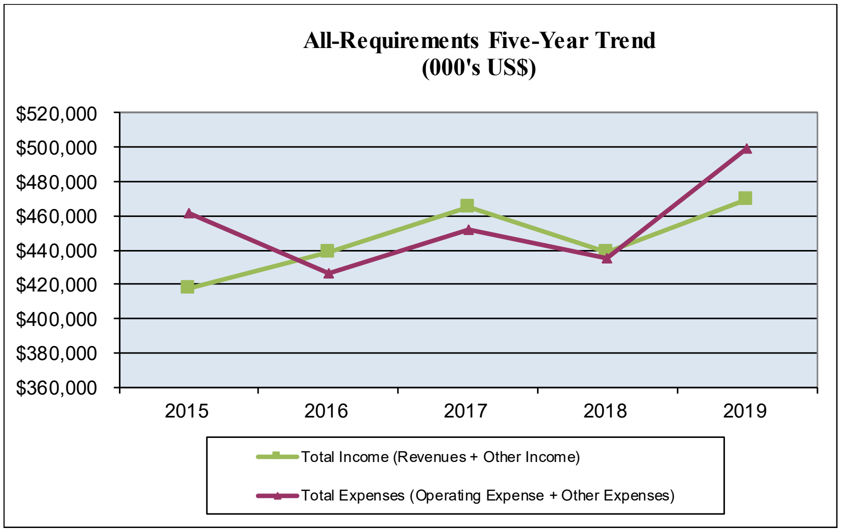


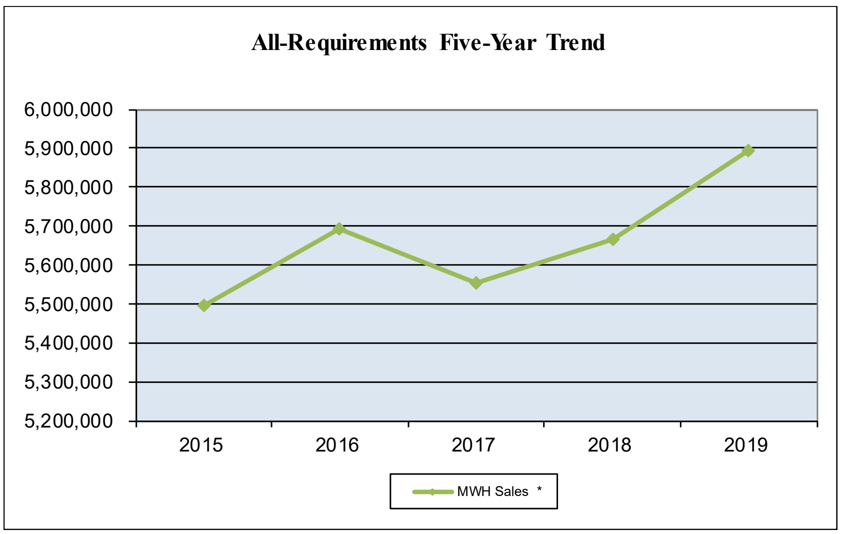
FIVE-YEAR TREND ANALYSIS

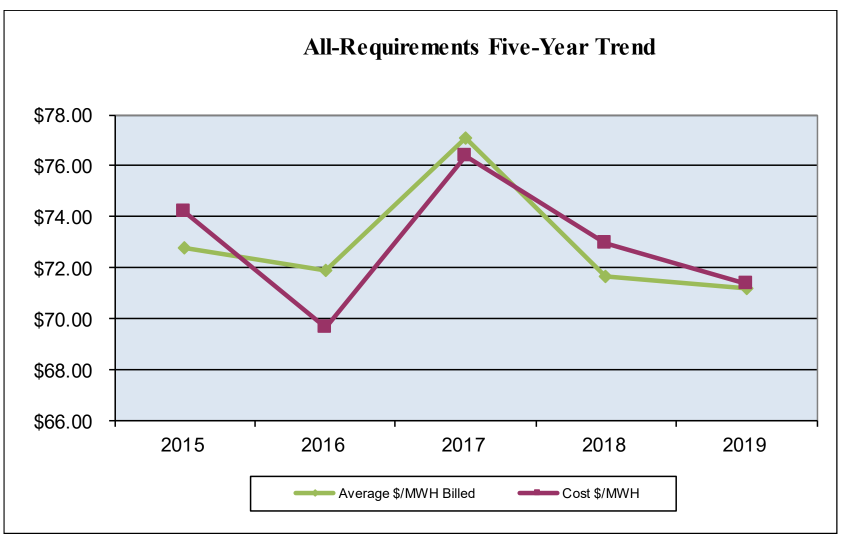
	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
All-Requirements Project					
Capital Assets	$ 814,271	$ 777,532	$ 727,100	$ 674,858	$ 635,185
Total Assets & Deferred Outflows	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621	$ 1,265,991
Long-Term Liabilities	$ 1,334,149	$ 1,331,563	$ 1,241,223	$ 1,157,636	$ 1,007,611
Total Liabilities & Deferred Inflows	$ 1,456,404	$ 1,471,708	$ 1,397,705	$ 1,307,621	$ 1,265,991
Billings to Participants **	$ 399,979	$ 409,104	$ 428,034	$ 406,073	$ 419,721
Sales to Others	45,656	26,146	33,480	29,883	43,166
Total Operating Revenues	$ 445,635	$ 435,250	$ 461,514	$ 435,956	$ 462,887
Purchased Power	$ 31,755	$ 25,546	$ 21,814	$ 23,561	$ 28,034
O&M Production-Steam	60,693	67,270	65,550	61,398	79,383
Fuel Expense	204,743	170,762	205,925	194,661	196,638
Transmission	26,862	26,256	28,187	28,661	29,658
General & Administrative	21,729	22,349	21,841	22,029	23,922
Depreciation & Decommissioning	54,464	55,101	56,412	57,332	58,599
Total Operating Expenses	$ 400,246	$ 367,284	$ 399,729	$ 387,642	$ 416,234
Net Operating Revenues	$ 45,389	$ 67,966	$ 61,785	$ 48,314	$ 46,653
Investment Income	$ (27,859)	$ 3,805	$ 3,307	$ 2,657	$ 6,681
Total Other Income	$ (27,859)	$ 3,805	$ 3,307	$ 2,657	$ 6,681
Interest Expense	$ 59,185	$ 56,843	$ 55,371	$ 51,785	$ 35,043
Amortization & Other Expense	1,921	2,150	(3,203)	(4,265)	48,401
Total Other Expenses	$ 61,106	$ 58,993	$ 52,168	$ 47,520	$ 83,444
Net Income (Loss)	$ (43,576)	$ 12,778	$ 12,924	$ 3,451	$ (30,110)
Net Cost Recovered (Credited) in the Future	35,778	(359)	(9,008)	(10,739)	29,221
Due from (to) Participants	7,798	(12,419)	(3,916)	7,288	889
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales *	5,495,169	5,691,752	5,553,937	5,664,825	5,893,412
Average $/MWH Billed	$ 72.79	$ 71.88	$ 77.07	$ 71.68	$ 71.22
Cost $/MWH	$ 74.21	$ 69.69	$ 76.36	$ 72.97	$ 71.37

* Restated to include Ft. Meade's MWhs for fiscal year 2015.

FIVE-YEAR TREND ANALYSIS



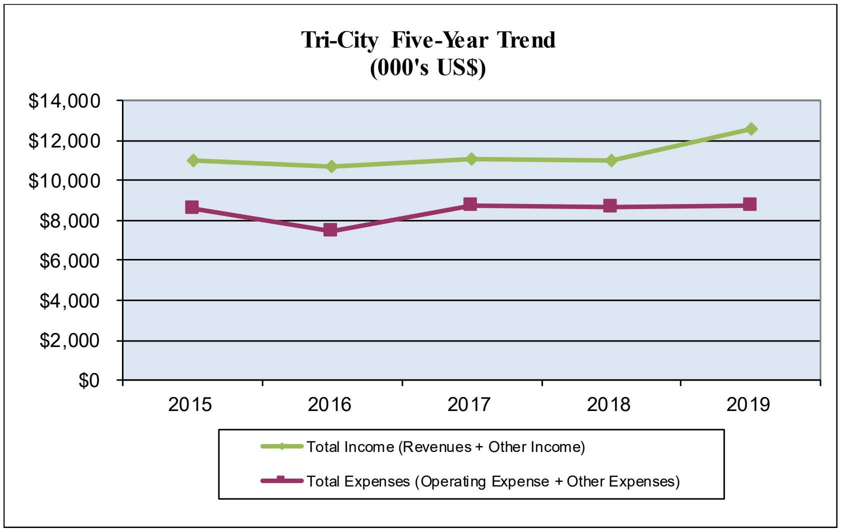


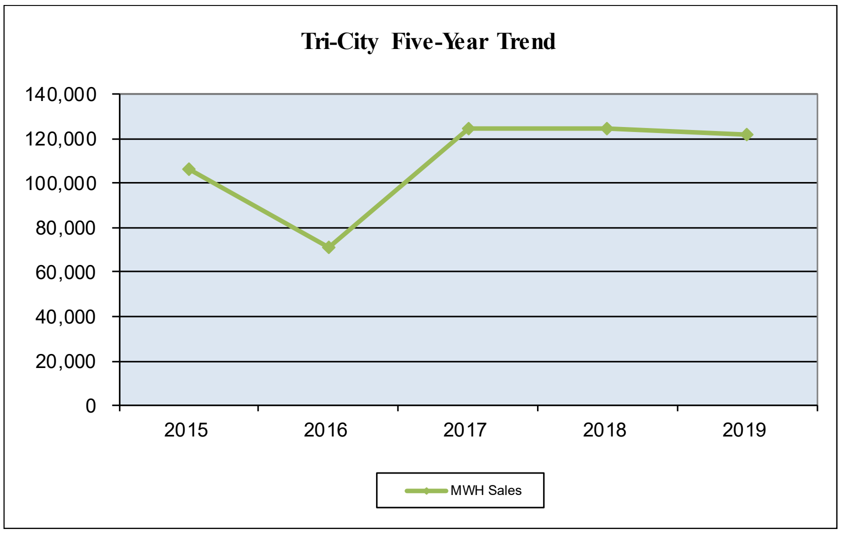


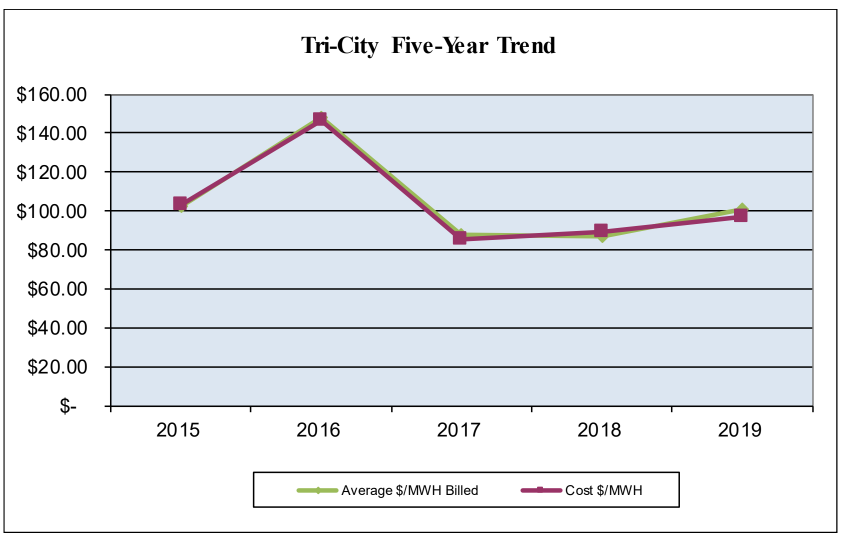
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Tri-City Project					
Capital Assets	$ 12,436	$ 11,947	$ 12,019	$ 11,157	$ 10,460
Total Assets & Deferred Outflows	$ 21,620	$ 21,520	$ 20,864	$ 20,172	$ 21,241
Long-Term Debt	$ 12,748	$ 9,659	$ 6,508	$ 3,325	$ 402
Total Liabilities & Deferred Inflows	$ 21,620	$ 21,520	$ 20,864	$ 20,172	$ 21,241
Billings to Participants	$ 10,873	$ 10,548	$ 10,919	$ 10,794	$ 12,296
Sales to Others	115	116	127	126	129
Total Operating Revenues	$ 10,988	$ 10,664	$ 11,046	$ 10,920	$ 12,425
Production-Steam O&M	$ 1,511	$ 1,991	$ 1,536	$ 1,682	$ 1,836
Fuel Expense	4,287	2,715	4,579	4,246	4,123
Transmission	489	427	382	415	415
General & Administrative	696	735	743	774	837
Depreciation & Decommissioning	1,078	1,134	1,168	1,312	1,359
Total Operating Expenses	$ 8,061	$ 7,002	$ 8,408	$ 8,429	$ 8,570
Net Operating Revenues	$ 2,927	$ 3,662	$ 2,638	$ 2,491	$ 3,855
Investment Income	$ 27	$ 44	$ 34	$ 73	$ 138
Total Other Income	$ 27	$ 44	$ 34	$ 73	$ 138
Interest Expense	$ 327	$ 266	$ 203	$ 139	$ 69
Amortization & Other Expense	235	190	144	97	76
Total Other Expenses	$ 562	$ 456	$ 347	$ 236	$ 145
Net Income (Loss)	$ 2,392	$ 3,250	$ 2,325	$ 2,328	$ 3,848
Net Cost Recovered (Credited) in the Future	(2,493)	(3,129)	(2,019)	(2,656)	(3,419)
Due from (to) Participants	101	(121)	(306)	328	(429)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	106,538	71,172	124,588	124,558	121,919
Average $/MWH Billed	$ 102.06	$ 148.20	$ 87.64	$ 86.66	$ 100.85
Cost $/MWH	$ 103.01	$ 146.50	$ 85.18	$ 89.29	$ 97.34

Five-Year Trend Analysis



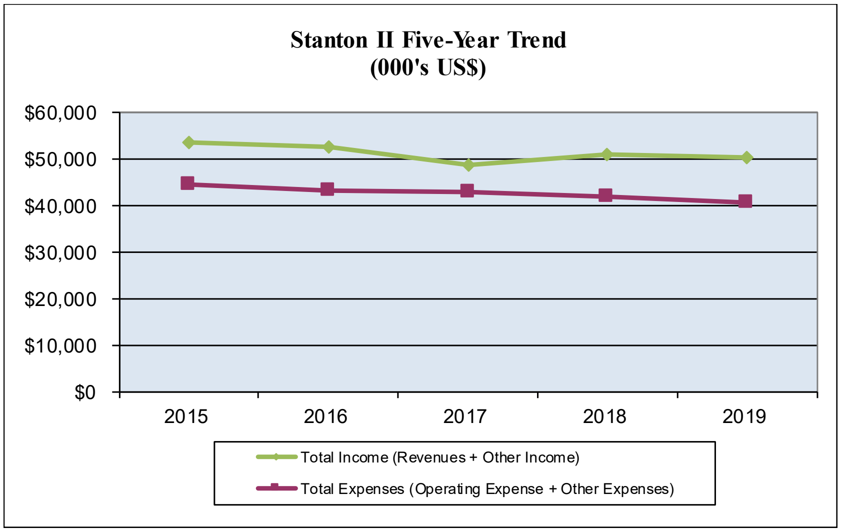


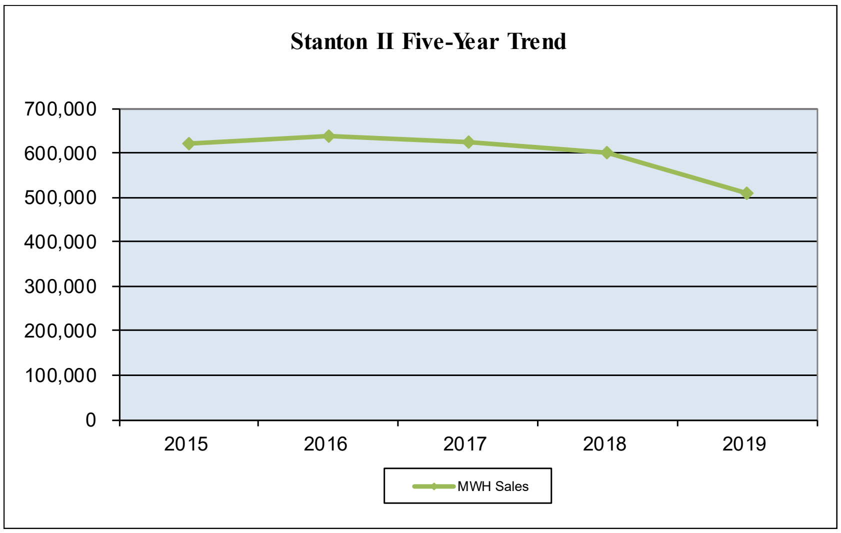


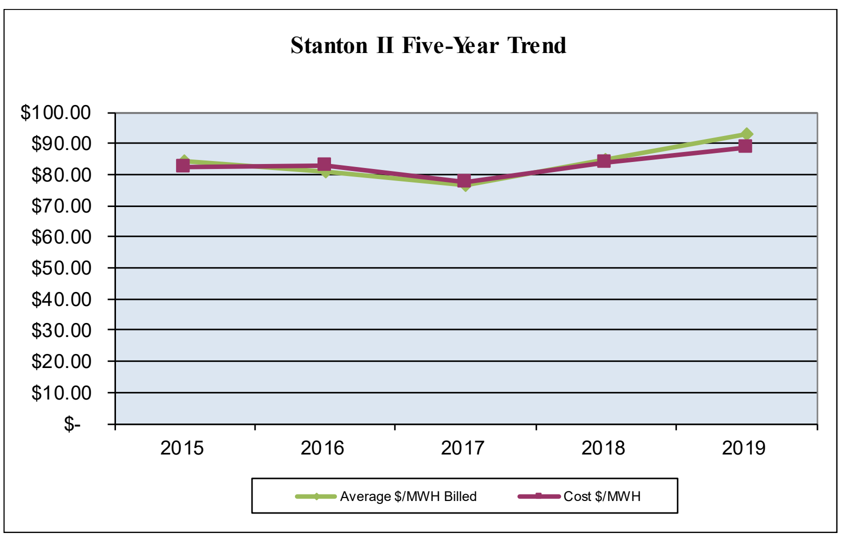
FIVE-YEAR TREND ANALYSIS

	2015	2016	2017	2018	2019
(000's US$ except for MWH Sales and Average $/MWH)					
Stanton II Project					
Capital Assets	$ 102,865	$ 100,258	$ 96,589	$ 92,263	$ 93,918
Total Assets & Deferred Outflows	$ 178,143	$ 176,182	$ 166,748	$ 170,490	$ 170,021
Long-Term Debt	$ 148,656	$ 139,040	$ 138,885	$ 127,446	$ 117,323
Total Liabilities & Deferred Inflows	$ 178,143	$ 176,182	$ 166,748	$ 170,490	$ 170,021
Billings to Participants	$ 52,204	$ 51,463	$ 48,001	$ 50,933	$ 47,171
Sales to Others	505	511	558	552	565
Total Operating Revenues	$ 52,709	$ 51,974	$ 48,559	$ 51,485	$ 47,736
Production-Steam O&M	$ 6,495	$ 6,688	$ 7,363	$ 6,860	$ 8,634
Fuel Expense	23,417	21,650	20,773	19,809	16,836
Transmission	1,846	1,750	1,677	1,895	1,895
General & Administrative	1,831	1,889	1,897	1,941	2,221
Depreciation & Decommissioning	5,194	5,336	5,392	5,535	5,556
Total Operating Expenses	$ 38,783	$ 37,313	$ 37,102	$ 36,040	$ 35,142
Net Operating Revenues	$ 13,926	$ 14,661	$ 11,457	$ 15,445	$ 12,594
Investment Income	$ 778	$ 738	$ 113	$ (475)	$ 2,637
Total Other Income	$ 778	$ 738	$ 113	$ (475)	$ 2,637
Interest Expense	$ 6,453	$ 6,359	$ 6,295	$ 4,695	$ 3,295
Amortization & Other Expense	(619)	(545)	(463)	1,260	2,260
Total Other Expenses	$ 5,834	$ 5,814	$ 5,832	$ 5,955	$ 5,555
Net Income (Loss)	$ 8,870	$ 9,585	$ 5,738	$ 9,015	$ 9,676
Net Cost Recovered (Credited) in the Future	(7,718)	(10,698)	(6,284)	(8,579)	(7,476)
Due from (to) Participants	(1,152)	1,113	546	(436)	(2,200)
Total Income	$ -	$ -	$ -	$ -	$ -
MWH Sales	620,796	635,926	625,514	601,691	507,678
Average $/MWH Billed	$ 84.09	$ 80.93	$ 76.74	$ 84.65	$ 92.92
Cost $/MWH	$ 82.24	$ 82.68	$ 77.61	$ 83.93	$ 88.58

FIVE-YEAR TREND ANALYSIS







Compliance Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Florida Municipal Power Agency (the Agency), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected, and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 20, 2019
Ocala, Florida

MANAGEMENT LETTER

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

Report on the Financial Statements
We have audited the financial statements of the Florida Municipal Power Agency (the Agency), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated December 20, 2019.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 20, 2019, should be considered in conjunction with this Management Letter.

Prior Audit Findings
Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, all prior year recommendations have been addressed by the Agency.

Official Title and Legal Authority
Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note I of the Agency's September 30, 2019, financial statements. There are no component units related to the Agency.

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

MANAGEMENT LETTER

Financial Condition
Sections 10.554(1)(i)5.a. and 10.556(7) *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our audit noted no findings of deteriorating financial condition, required to be reported.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. No recommendations were noted.

Additional Matters
Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter
Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other applicable agencies, the Agency's Executive Committee, the Board of Directors and the Finance Committee and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

December 20, 2019
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

We have examined Florida Municipal Power Agency's (the Agency) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. The Agency's management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extend of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, the Agency's Executive Committee, the Board of Directors, and the Finance Committee, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

December 20, 2019
Ocala, Florida

GOVERNANCE LETTER

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

We have audited the financial statements of the business-type activity and each major fund of Florida Municipal Power Agency (the Agency) for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Audit Engagement Letter to you dated June 27, 2019. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note I to the financial statements. Except as noted below, no other new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The following *new* accounting policy was adopted in the current year:

- Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations.* This statement establishes criteria for determining the timing and pattern of the recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. During 2019, the Agency, with the implementation of GASB Statement No. 83, recorded additional AROs totaling $4 million combined in the All Requirements (ARP), Stanton I, Stanton II, and Tricity projects. The ARO liability is recorded with a related Deferred Outflow of Resources which will be amortized over the remaining life of the plant. ARO costs are anticipated to be re-captured through rates over the period of amortization of the Deferred Outflow of Resources. Prior to implementation of the new standard, the Agency had been recording a nuclear decommissioning liability (an ARO) for its minority interest in the St. Lucie nuclear power plant from information provided by the majority owner, which totals $87 million as of September 30, 2019.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions

GOVERNANCE LETTER

about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements are:

- **Nuclear Decommissioning Costs, Asset Retirement Obligations, and Landfill**
  As discussed in the notes to the financial statements, the Agency is a partial owner in the St. Lucie nuclear power plant and, accordingly, has recorded its share of the future decommissioning of the plant as a liability in its financial statements. Additionally, the Agency has recorded certain asset retirement obligations in the ARP, Stanton I, Stanton II, and Tricity projects. The liabilities are based upon engineering estimates and contains significant estimates concerning the future cost as well as the future date of the decommissioning or retirement. We believe that the Agency's calculation of its share of these costs is reasonable based upon current engineering estimates. Also, the Agency has recorded landfill closure costs related to fly ash at the Stanton Energy Center. The liabilities contain significant estimates concerning the future cost as well as the future date of the closure provided by the owner/operator. We believe that the Agency's calculation of its share of these costs is reasonable based upon these estimate.

- **Capital Assets, Accumulated Depreciation, and Depreciation Expense**
  As discussed in the notes to the financial statements, capital assets are stated at costs at the time of purchase or construction. Management estimates accumulated depreciation and depreciation expense for such assets by utilizing the straight-line method of depreciation and by determining estimated useful lives based on the classes of depreciable property described in Note I to the financial statements. We evaluated the key factors and assumptions used to develop the capital asset and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

- **Fair Market Value of Financial and Derivative Instruments**
  As discussed in the notes to the financial statements, the Agency uses third-party valuations for determining the fair value of its financial and derivative instruments. We evaluated the key assumptions embodied in these valuations and determined that they are reasonable. Certain thinly traded municipal bonds and interest rate swaps can have varying values depending upon the pricing model used.

- **Prepaid Natural Gas—Public Gas Partners, Inc. (PGP)**
  As discussed in the notes to the financial statements, the Agency is amortizing its investment in PGP (which is titled Prepaid Natural Gas - PGP, in the Statement of Net Position) using the units of production method based upon estimated reserve levels as determined by PGP and its consultants.

  During 2019, the ARP recorded an impairment write down of $42 million in its prepaid natural gas investment in PGP pools 1 and 2. The remaining prepaid gas balance of $16.5 million, after the write down, represents the estimated future cash flows projected by PGP that FMPA anticipates to receive from the natural gas and oil well operations

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

GOVERNANCE LETTER

- **Other Postemployment Benefits**
  As described in the notes to the financial statements, the actuarially calculated net OPEB Obligation is based upon the alternative measurement method permitted by GASB Statement No. 75 for employers in plans with fewer than one hundred plan participants. We evaluated the key assumptions used in the calculation and determined them to be reasonable.

- **Net Costs to be Recovered/Refunded**
  As discussed in the notes to the financial statements, the Agency utilizes the provisions of GASB Statement No. 62, paragraphs 476-500 Regulated Operations. The effect of this method allows for the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process. These deferrals are recorded as Net Costs Recoverable From or Refundable to Future Participant Billings in the financial statements. We believe that the Agency's use of this method is appropriate and reasonable. Certain Projects have now matured to the point where the effects of Regulatory Operations now result in amounts owed to rather than from the members.

Certain financial statement disclosures and transactions are particularly sensitive because of their significance to financial statement users. In addition to the matters discussed above, the most sensitive disclosures and transactions affecting the financial statements were:

- **Vero Beach Transaction**
  The Vero Beach transaction closed in December of 2018, providing funding that the ARP used to pay off certain variable rate debt and related interest rate swaps (a portion of the series 2008C's) totaling $74 million, with the remaining $32 million deposited to a member rate protection account to buffer future costs associated with the transaction. The accounting treatment defers the entire $105 million of proceeds from the transaction which will be recognized over future years. As of September 30, 2019, approximately $8 million of the initial deferral has been recognized in revenue, leaving a remaining balance of $97 million to be recognized over future years.

- **St. Lucie Bond Redemptions and SWAP Terminations**
  During December of 2018, the St. Lucie Project terminated its Forward Sales Agreement (FSA) for the acquisition of securities and liquidated its Capital Appreciation Bond portfolio which had been acquired through the FSA. The proceeds, along with other available funds, were used to redeem the remaining balance of certain variable rate bonds (series 2002 and 2000) and terminate the related interest rate swaps associated with these bonds. The total bonds redeemed as a part of this initiative total $161 million and interest rate swap terminations totaled $6.7 million.

- **Pooled Loan Program**
  During the 2019 year, the Agency reestablished its Pooled Loan Program to provide members with access to low cost financing by using the credit rating and borrowing power of the Agency. The program calls for the issuance of Conduit Debt on behalf of a member, which FMPA legal counsel has indicated is not a liability of the Agency and therefore does not appear as such in the Agency's financial statements.

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

GOVERNANCE LETTER

- **Natural Gas Prepay and Physical Delivery Agreements**
  During the 2019 year the ARP entered into a cancellable gas prepay agreement that will allow the project to receive a discount to the market rate of natural gas purchases and also entered into certain physical delivery agreements for natural gas from various vendors over several months in late 2019.

- **KUA TARP Agreement Amendment**
  During 2019 the Agency and KUA amended Schedule D to the KUA TARP agreement which extended the capacity credits payments from FMPA to KUA for Cane Island units 1 and 2 from 2021 through 2024 in a total amount of $13.4 million. The present value of these payments is $10.7 million, which was added to the Capital Lease Payable and the Acquisition Adjustment accounts of the Agency.

- **Member Services Billing and Agency Cost Allocations**
  The Agency has made significant efforts over the last couple of years to improve and increase the level of non-purchased power services ("member services") that are provided to the members. Our review of this area indicates that official policies dealing with how these services will be billed to a member have not been updated in many years and may not address the current level of services provided. Additionally, the Agency fund has a process for the allocation of payroll costs across the various projects that benefit from staff time, which has also not been updated in several years and may not be accomplishing the goals it was originally designed to achieve. Because of the interrelationship of these two processes, the Agency may want to review and update the processes for each of these areas in concert with one another in conjunction with the upcoming budget.

- **Florida Municipal Power Pool (FMPP)**
  The Agency has identified the FMPP as a high-risk operational area due to the high dollar significance of Agency purchases and sales to the pool and the complexity involved with pricing and the dispatching. Accordingly, the Agency has become more involved with and monitors pool activities very closely, with an emphasis on critical review of the dispatch decisions and auditing of pool transactions by the Agency's contract audit group. We also believe that the pool represents a critical operational area and concur with the special emphasis that the Agency is placing on monitoring and auditing this area.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Board of Directors and Executive Committee
Florida Municipal Power Agency
Orlando, Florida

GOVERNANCE LETTER

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated December 20, 2019.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Amounts Due To (From) Participants and Five-Year Trend Analysis, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use
This information is intended solely for the information and use of the Board of Directors, Executive Committee, Finance Committee, and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

December 20, 2019
Ocala, Florida

AGENDA ITEM 8 – ACTION ITEMS

b. Approval of Risk Management Policies and Compliance Reports

Finance Committee Meeting
January 15, 2020

8b – Risk Management Policies and Compliance Reports

Finance Committee

January 15, 2020

Finance Committee Responsibility
Risk Management Policies

- The mission of the Finance Committee (FC) is to oversee the administration of the Risk Management Policy including all appendices (each appendix covers a specific risk area at FMPA)
- To fulfill this mission , the FC shall regularly hear reports form staff on the risk management activities including detailed reports from staff
- Internal Audit staggers the policy reviews such that each area is reviewed once a year
- See list on next page

Risk Areas Identified

Appendices in the Risk Management Policy

Risk Area	Appendix
Fuel 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

Summary of Policy Review Process

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

Policies Covered This Cycle

- Debt Risk Management Policy (title changes only)
- Records Management Policy (title changes only)
- Human Resource Policy (HR)
- Information Technology (IT) Policy
- Insurance Program Policy

Debt Risk Management Policy

Major Areas Covered

- Financial Advisor role in the execution of debt.
- Debt portfolio mix at appropriate levels as approved by appropriate governing body.
- Debt Financing Team (DFT) explained risks of any proposed structure or transaction to appropriate governing body.
- Policy requirements were met for any refunding bonds.
- CFO and DFT ensured active management of interest rate hedging program.

Records Management Policy

Major Areas Covered

- Record retention schedules are posted on the Intranet.
- IT Manager assigned staff appropriate access rights to the electronic records management system.
- IT conducted biennial technical training for all employees.
- HR Department coordinated with legal counsel to present formal records retention training initially for new employees and annually for existing employees.

Human Resource Policy

Major Areas Covered

- Review of payroll controls.
- Review of health and wellness plan and records.
- Consistent application of Compensation Policy.
- Third party review of salary ranges.
- Employee training and maintaining records.
- Employment laws and regulations followed consistently and fairly.

Human Resource Policy

Recommended Changes

- Section 4.3: Eliminate requirement for national firm to determine maximum and minimum salary ranges. Process can be done by local or regional firm.
- Various Sections: Title changes updated.

Information Technology Policy

Major Areas Covered

- Information Technology Steering Committee (ITSC) maintained list of current applications/system owners and logged any security breaches and provided monthly reports as necessary
- Market review of anti-virus software conducted every three years.
- Maintained and reviewed firewall rule set per policy requirements.
- User and IT staff training programs
- Annual reports presented to ITSC and FC (Board)

Information Technology Policy

Recommended Changes

- Section 4.3: Regulatory Compliance that falls under NERC standards is now managed by Legal Department
- Section 6.2: Annual report changed from September to annually.
- Various Sections: Title changes updated.

Insurance Policy

Major Areas Covered

- The Treasurer and Risk Manager is designated as the Agency Risk Manager
- Reviews overall business activity of the Agency to ensure adequate property and liability insurance (does not include workers compensation)
- Requires a competitive selection process for insurance services providers
- Requires Agency Risk Manager (and team) review of contracts >$10MM
- Requires an annual insurance report be developed

FMPA MUNICIPAL POWER

Insurance Policy

Recommended Changes

- Section 5.1: Market review of brokerage services change from conducting every 5 years to every 7 years.
- Section 6.0: Changed required annual report from January 31 to annually

Review Result

- Based on our review, there were no exceptions noted for Policy compliance during this review cycle.

Discussion

Motion on Policy Changes

- Move that the Board approve recommended policy changes

AGENDA ITEM 9 - INFORMATION ITEMS

a. Review of Annual Insurance Report

Finance Committee Meeting
January 15, 2020

9a- Review of Annual Insurance Report

Finance Committee

January 15, 2020

Insurance Risk Management Policy Requirement

- Prior year actuals for premiums, claims and losses.
- Cost of insurance coverage.
- Change of coverage limits, amounts, or other material aspects of the policy within the current policy period year.
- Recommend changes to coverage limits, amounts or other material aspects of the policy within a future policy period.
- Any additional coverage purchases within the current or future policy periods

FMPA MUNICIPAL POWER

Insurance Market Update

Overall Hard Market Across All Coverages

No FM Global Membership Credit

Property Coverage Expect 15% Increase

Worker Compensation Claim

Non-Property Expect 5%-10% Increase

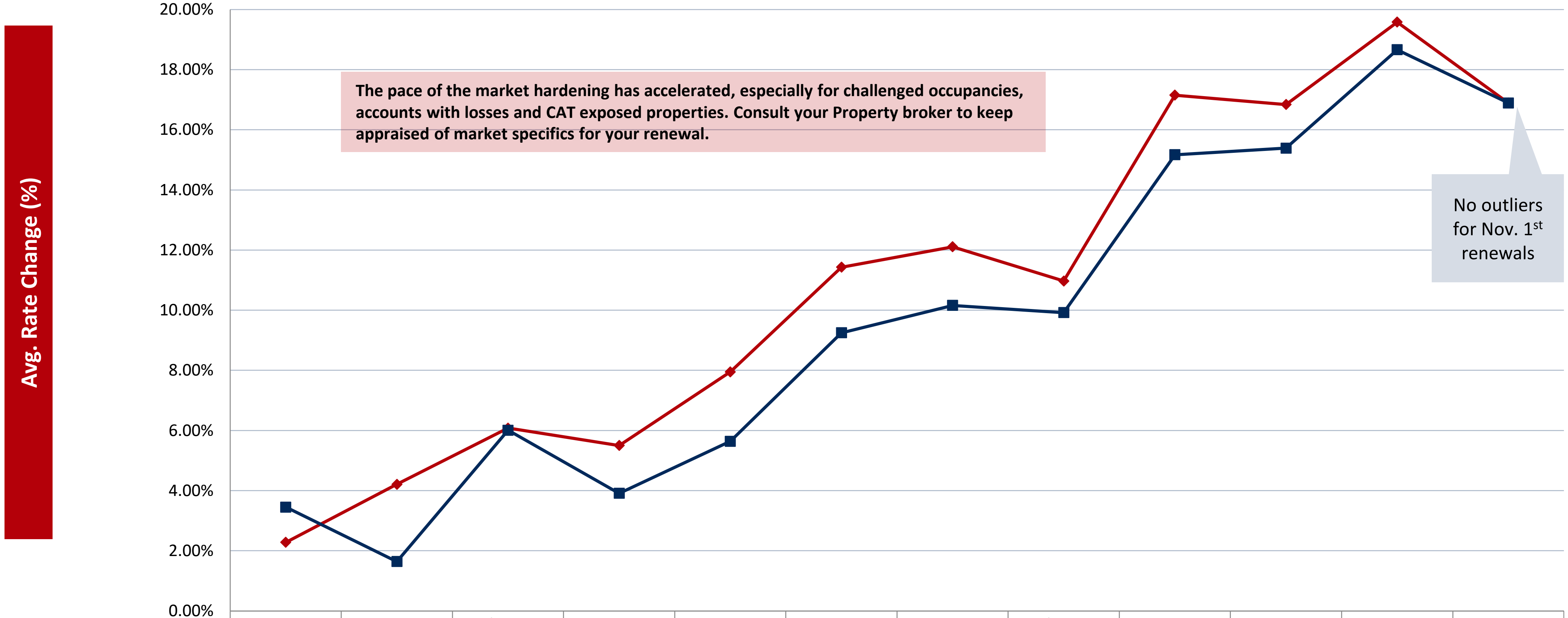
Capacity is being priced and deployed conservatively

Insurers cannot rely on investment yields to overcome underwriting losses

FMPA MUNICIPAL POWER

State of the Property Market – Average Rate Change

Avg. Rate Trends: December 2018 – November 1, 2019



	Dec. 2018	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	May. 2019	Jun. 2019	Jul. 2019	Aug. 2019	Sept. 2019	Oct. 2019	Nov. 2019
Average Rate	2.28%	4.21%	6.08%	5.50%	7.95%	11.43%	12.11%	10.97%	17.15%	16.84%	19.58%	16.89%
Average Rate Excluding Outliers	3.45%	1.64%	6.01%	3.91%	5.64%	9.25%	10.16%	9.92%	15.17%	15.39%	18.66%	16.89%

FMPA MUNICIPAL POWER

New Cyber Insurance Coverage

Cyber Market Has Matured & Competitively Priced

Coverage	Limits	Premium 19/20	% Change 18/19	Claims
Automobile	$ 1,000,000	$ 6,599	27%	None
Directors & Officers Liability	$ 20,000,000	$ 127,440	<1%>	None
Crime	$ 10,000,000	$ 19,569	3%	None
Cyber	$ 5,000,000	$ 32,047	N.A.	None
Excess Liability	$ 50,000,000	$ 252,457	<1%>	None
Professional Lawyer's Liability	$ 5,000,000	$ 15,204	0%	None
Property Agency & ARP FEMA Flood (Stock Island) Flood Excess >$20M (SI)	 $850,000,000 $ 6,000,000 $ 5,000,000	 $2,167,085 $ 16,698 $ 40,275	 22% 0% 7%	 None None None
Workers Compensation	Statutory/$1,000,000	$ 32,385	2%	One Claim / Changed Underwriter

Premium Increases Expected For 20/21 Renewals

No expected policy limit, deductible or coverage changes

- FM Global and Excess Flood Property Insurance
  - 15% increase and no membership credits
  - Completed all new recommendations
  - Excess Flood will see at least similar increase, maybe higher
- AEGIS Excess and D&O Insurance
  - D&O > 5% increase
  - Excess >10% increase, carriers cutting back on capacity
  - Expect continued membership credits
- Other coverages up to 5% increase

FMPA MUNICIPAL POWER

QUESTIONS

AGENDA ITEM 10 – REPORTS

a. Risk Policies

Finance Committee Meeting
January 15, 2020

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY - APPENDIX B

DEBT RISK MANAGEMENT POLICY

TABLE OF CONTENTS

DEBT RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY

This Debt 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 issuance and management of all FMPA debt financing. This Policy is Appendix B 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 governing bodies. FMPA staff is hereby authorized to put mechanisms into place, such as those more fully described in Section 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert adverse effects on FMPA's ability to access capital markets at reasonable rates and with reasonable credit terms.

This Policy covers the planning and management of debt financing. The appropriate governing body may approve exceptions to this Policy for specific debt transactions.

The following summarizes the Policy of the EC and BOD:

- ❖ The debt management program shall conform to all applicable federal, state and local legal requirements regarding the issuance and management of debt (Section 2.0).
- ❖ The EC and BOD must approve all forms of FMPA debt issuance (Section 2.0).
- ❖ Authority is delegated to the Chief Financial Officer ("CFO") to create procedures to facilitate the management of debt and administer this Policy (Section 3.0).
- ❖ FMPA's Debt Financing Team (the "DFT" as defined by this Policy) shall be active participants in all contemplated debt transactions (Section 4.1).
- ❖ FMPA's Financial Advisor shall provide a written recommendation to the appropriate governing body prior to approval of any debt issuance (Section 2.0).

- FMPA's DFT shall fully explain the risks associated with any given structure and the financial instruments to be used to the ~~General Manager~~CEO as required in Section 4.3
- FMPA shall manage its debt portfolios to contribute to the goal of maintaining credit ratings of no less than "A-" or "A3" as required in Section 4.0.
- Interest rate hedging strategies may only be employed as detailed in Section 5.0 of this Policy. No new interest rate hedging will be considered by the All Requirements Project ("ARP") after May~~,~~ 2015 unless specifically approved by the EC.
- The Treasurer and Risk Director shall report on the debt portfolio as required in Section 7.1 of this Policy.
- The Agency Risk ~~Manager~~ Director shall report deviations from this Policy to the Finance Committee ("FC") as required in Section 7.3.

2.0 Scope and Authority

FMPA has the authority to undertake and finance projects including, among other things, to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, extend, or otherwise participate jointly in those projects and issue debt obligations for the purpose of financing or refinancing the costs of such projects. The debt management program shall further conform to all federal, state, and local legal requirements governing the issuance and management of debt.

The EC and BOD, respectively, is responsible for the approval of all forms of FMPA debt issuance and the details associated therewith. The ~~General Manager~~CEO has ultimate responsibility for administration of FMPA's financial policies. The CFO or designee coordinates the administration and issuance of debt, and is responsible for the attestation of financial disclosures and other bond related documents. The CFO or designee, in consultation with the DFT, must also recommend to the ~~General Manager~~CEO and appropriate governing body the following:

1. the selection of any external agents,
2. review proposed annual capital expenditures which require a debt issuance,
3. identify specific projects for such debt financing or re~~-~~financing,
4. a written recommendation provided by the Financial Advisor.

3.0 Types of Debt Issuance Risk

This Policy is intended to provide guidance for the types of debt issued, given FMPA's risk tolerance and awareness of recent market fluctuations, capital market outlooks, future capital needs, tax implications, rating agency considerations, and industry competition. The CFO will cause Debt Management Procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. The FMPA Risk Management Policy identifies ten risks that compose FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the framework provides insight into the major areas of risk exposure for FMPA. The following selected risks in the framework are those risks presented by typical debt management and interest rate hedging activity.

3.1 Market Risk

The risk of potential change in the value of a portfolio caused by adverse changes in market factors. When considering debt management including interest rate hedging, the types of market risk that FMPA is most exposed are interest rate risk and basis risk. An example of interest rate risk occurs when a change in interest rates inversely affects a bond's value, such as when higher interest rates cause bond value to fall. This risk can be reduced by diversifying (issuing fixed rate debt with different durations) or hedging (such as interest rate swaps). An example of basis risk can occur in a floating-to-fixed rate swap when there is a difference between the interest rate paid on variable rate demand obligations and the rate received from the swap counterparty. This mismatch in rates could result in higher than expected interest rate costs.

3.2 Credit Risk

The potential of financial loss due to the failure of a counterparty to fulfill the terms of a contract. When considering debt management including interest rate hedging, the types of credit risk that FMPA is most exposed to are counterparty risk and concentration risk. An example of counterparty risk would be if FMPA depends on the performance of a counterparty to provide interest payments under a swap agreement. The failure of that counterparty to make interest payments as required under the swap agreement might expose FMPA to current market conditions, which may or may not be favorable at the time of non-performance. An example of counterparty concentration risk might occur if a counterparty with several swap agreements fails to make the required payments. This failure might cause FMPA to terminate several swap agreements and expose FMPA to market conditions on a greater scale.

3.3 Regulatory Risk

The potential adverse impact of an action or direction from an administrative body such as, but not limited to, FERC, DOE, or the Treasury Department. An example of regulatory risk might occur if tax laws are changed, and the Agency becomes ineligible to issue tax-exempt debt. This change would expose the Agency to the market rate for taxable debt and increase the cost of debt issuance.

4.0 Debt Issuance

Effective debt management includes an analysis of what level of debt is acceptable given a particular set of circumstances and assumptions. FMPA's debt portfolios shall contribute to the goal of maintaining at least "A-" or "A3" credit ratings, in coordination with strategic plans and member needs. Management of the Agency's credit ratings is addressed in the FMPA Risk Management Policy.

FMPA may consider issuing bonds, short term debt, and other debt instruments as allowed by law, each subject to the approval of the appropriate governing body. Debt may only be issued for capital projects with an asset life of five years or more. Short term capital needs should be provided for in the budget process.

4.1 Debt Financing Team

A team of FMPA staff and advisors shall determine the details of all debt transactions to be proposed to and approved by any governing body. The DFT shall, at a minimum, consist of the personnel listed below. Others may be assigned as needed.

- CFO (Chairperson)
- Treasurer and Risk Director

Chief Legal Officer

-

~~Risk Management Department Representative~~
FMPA's Financial Advisor

- Resource and Strategic Planning Manager ~~System Planning Manager~~ (as necessary)
- FMPA's Swap Advisor (as necessary)
- Bond Counsel (as necessary)

The DFT shall ensure that any proposed debt issuance complies with the requirements of this Policy. The CFO, as Chairperson of the DFT, shall present all DFT recommendations to the ~~General Manager~~CEO.

4.2 Selection of Bond Professionals

The issuance of bonds or debt in any form is a significant event and should be managed in a way to protect FMPA from any number of risks. Engaging competent professionals is a key step in mitigating such risks. Underwriters, bond counsel, financial and swap advisors, trustees, and arbitrage/rebate consultants are key advisors in a successful issuance process. FMPA staff will pursue a competitive selection process to occur for all professionals associated with FMPA's debt using a Request for Proposal (RFP), a Request for Qualification (RFQ) or some other competitive selection process. The competitive selection process document should describe the scope of services desired, the length of the engagement, evaluation criteria, and the selection process. Best practices recommendations of relevant professional bodies should be considered in the development of the competitive selection document as well as in the selection process.

4.2.1 Qualifications

The selected individual(s) or firm(s) shall have a well-established practice at a level of sophistication and standing in their respective field of practice commensurate with FMPA's needs, the Bond Resolution and any other relevant legal document(s) or requirements imposed by external entities such as the Securities and Exchange Commission (SEC), the Municipal Securities Rulemaking Board (MSRB) and the Commodity Futures Trading Commission (CFTC) as examples. Sufficient depth of staff should be present in order to ensure timely and consistent professional service when such services are required.

4.2.2 Selection

Qualified individuals or firms will be invited to submit a proposal for professional services to be considered for selection. The proposal response must document the individual's or firm's qualifications, registrations, applicable experience, knowledge of FMPA and its issues or practices, any sanctions or warnings from any relevant professional bodies, insurances in force, and fee structures. The proposals will be evaluated by the DFT and rank in order of preference, providing the resulting ranking and associated rationale to staff for presentation to the FC. The FC shall either approve or reject the DFT top ranked proposal. If the top ranked proposal is rejected, the FC will consider the next highest ranked proposal for approval. If none are found acceptable by the FC, the DFT will evaluate the FC's feedback and begin the process over. Once the FC has approved a recommended proposal, the selected individual(s) or firm(s) will be presented to the EC/BOD, as appropriate, for final approval.

4.2.3 Terms of Service

The selected individual(s) or firm(s) shall provide services for no more than one five year base term per each single contract period. The selected individual(s) or firm(s) may provide services beyond the base term for no more than two individual one-year extensions. At the end of any contract term (either base or extension), the incumbent individual(s) or firm(s) will not be excluded from submitting a new proposal for the subsequent competitive selection process. The selected individual(s) or firm(s) may perform the services requested on a negotiated fee basis.

4.3 Types of Debt

FMPA's capital structure may consist of fixed rate and variable rate debt in traditional as well as synthetic form, along with hedging instruments such as interest rate swaps, caps, collars, and other non-speculative derivative products. The DFT shall fully explain the risks associated with any given structure and the financial instruments used to those who must decide and approve any such structure. No debt will be issued without written evidence of absolute authority, including all required regulatory approvals, for FMPA to proceed with the capital expenditures relating to the proposed debt issuance.

The debt mix for each of FMPA's projects shall be measured at the time of each debt issuance and comply with the limits defined in Appendix B of this Policy. The governing body issuing debt may approve exceeding such limits when a particular type of debt issue would be prudent given market conditions.

4.4 Structure

The following structuring guidelines shall govern the issuance of new money financing:

- The maturity of debt shall be less than or equal to the useful economic life of the item financed, not to exceed the remaining length of relevant FMPA Project. The table below shows the assumed useful economic life for different types of financed generation assets to be used at the time of debt issuance:

Financed Generation Assets	Useful Economic Life
Combined-Cycle	30
Combustion Turbine	25
Coal Plant	30
Nuclear	30
Photovoltaic	25

  Exceptions may be approved by the appropriate governing body. The Power Resources Division shall determine the useful economic life of financed generation assets not contained in the table above.
- The use of a cash funded debt service reserve shall always be evaluated against the use of a surety or other debt service reserve product.
- The DFT shall evaluate the costs and benefits of call provisions for each debt issue.

- Non-rated securities may be issued if obtaining a credit rating on the issue does not perform any economic benefit or add any value to capital market participants; for example bank loans.

4.5 Tax Status

FMPA may issue either taxable or tax-exempt debt. The DFT shall consider the economic value of tax status and on the advice of legal counsel (bond and/or tax counsel as appropriate) recommend a taxable or tax-exempt debt issuance, unless a taxable debt issuance is required by law.

4.6 Credit Enhancement

The use of credit enhancement (including bond insurance, letter of credit, and other securitization products) shall be evaluated on a maturity-by-maturity basis. The DFT shall analyze the benefits and costs of issuing debt without credit enhancements, with consideration of the risks and restrictions of using credit enhancement. Credit enhancement shall only be used when the benefits exceed the costs. Post-issuance, the Treasurer and Risk Director shall monitor any credit enhancement associated with variable-rate debt for possible effects on credit or basis risk.

4.7 Methods of Sale

FMPA's policy is to sell public debt using the method of sale expected to achieve the best result, taking into consideration short-term and long-term implications. Decisions on selecting either a competitive or negotiated sale are the responsibility of the DFT. The DFT shall evaluate whether to seek funding by way of a private placement or bank loan where the size of the borrowing does not justify the incurrence of typical bond issuance expenses or market conditions favor such funding. The CFO and FMPA's Financial Advisor, if used, shall compare the overall costs of a private placement with those of a public offering and recommend the most cost effective approach.

4.8 Debt Service Coverage

Debt service coverage shall conform to any respective bond resolutions and remain at or above those levels to ensure that FMPA's credit rating is not adversely impacted.

4.9 Refunding Bonds

Refunding bonds may be issued to achieve debt service savings on outstanding bonds by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no current similar limitation for taxable bonds.

4.9.1 Structure

The life of the refunding bonds shall not exceed the remaining life of the assets financed. Refunding bonds should generally be structured to achieve the desired objectives of the authorizing governing body.

4.9.2 Present Value

Refunding bonds issued to achieve debt service savings should have a minimum savings level measured on a present value basis equal to 3% of the par amount of the bonds being refunded. The 3% minimum target savings level for refunding should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of refunding bonds, the 3% target shall not prohibit exercising refunding when the circumstances justify a deviation from the guideline.

4.10 Defeasance

Defeasance is a provision that allows the exchange of one type of collateral, such as pledged revenues for another type of collateral (normally US Treasury securities), where the borrower sets aside cash or bonds sufficient to service the borrowers' debt. FMPA may use this tool when financially beneficial and as allowed by bond covenants. Allowable securities would be purchased by FMPA and held by an Escrow Agent, with the principal and interest earned on the securities sufficient to meet all payments of principal and interest on the outstanding bonds when they become due.

4.11 Disclosure Policy and Procedures Relating Thereto

FMPA 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, the ~~General Manager~~CEO and FMPA's Chief Legal Officer shall cause municipal finance disclosure procedures to be drafted and presented to the EC and BOD for review and adoption in order to establish a framework for compliance by FMPA, with its disclosure and/or contractual obligations regarding the securities it issues or that are issued on its behalf, pursuant to the requirements of the disclosure undertakings made by FMPA in accordance with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended, and other applicable rules, regulations, and orders ("Disclosure Procedures"), which shall be disseminated to FMPA staff. These Disclosure Procedures are intended to formally confirm and enhance FMPA's existing practices regarding compliance with federal securities laws relating to its disclosure responsibilities in order to:

a. **Educate:** To ensure that staff sufficiently understands FMPA's disclosure policy and FMPA's obligations under the federal securities laws and other applicable laws, and
b. **Reduce Borrowing Costs:** To reduce borrowing costs by promoting good investor relations, and
c. **Protect the Public:** To avoid damage to third parties from misstatements or omissions in, or failure to timely file, its disclosure documents, and
d. **Comply with Law and Contract:** To facilitate compliance with applicable law and existing contracts when preparing and distributing disclosure documents in connection with municipal finance offerings and continuing disclosure documents, and
e. **Reduce Liability:** To reduce exposure (of FMPA and its officials and employees) to liability for damages and enforcement actions based on misstatements and omissions in, or failure to timely file, its disclosure documents.

5.0 Interest Rate Hedging

As of May~~,~~ 2015, no new interest rate hedging may be employed for the ARP unless specifically approved beforehand by the EC. The remainder of this Section is only applicable to other FMPA Projects or ARP interest rate hedges put in place prior to May, 2015. Upon any specific EC approval for the hedging of interest rates in the future, this Section would then apply.

FMPA and its Projects are exposed to volatility in interest rates both during the period between a known capital project and its associated debt issuance and with the issuance of any variable interest rate debt. Management defines interest rate hedging as balancing gains and losses to an asset by taking offsetting positions in a derivative product. FMPA's business purpose for the interest rate hedging program is to balance interest rate volatility risk with obtaining the lowest reasonable cost of capital. FMPA will not enter into interest rate hedging transactions that have no authorized business purpose, as determined by the DFT and affirmed by the appropriate governing body.

The use of interest rate swaps and any other derivative instruments such as interest rate caps or collars shall only be upon the express approval of the appropriate governing body, and pursuant to the requirements of this Policy. The CFO, as Chairperson of the DFT, shall present all interest rate hedging recommendations to the ~~General Manager~~CEO before such recommendations are made to any governing body.

The CFO, in consultation with the DFT, shall ensure active oversight of the interest rate hedging program according to these standards. See Section 7.0 for reporting requirements.

5.1 Hedging Objectives

FMPA's objective for interest rate hedging is to manage interest rate risk for each Project's debt portfolio. The benefits and risks of a specific interest rate hedge should be compared to fixed rate bonds or future interest rate projections, with consideration that an expected lower interest cost should be obtained if the derivative product contains an element of basis risk or if the product is long-dated (greater than 10 years in duration).

5.2 Transaction Management

The DFT shall review any interest rate hedging transaction before it is presented to the appropriate governing body for consideration. The DFT shall specifically review:

- Existence of associated debt
- Existence of all necessary project approvals, including all required regulatory approvals, prior to issuance or interest rate hedging authorization.
- Purpose of proposed interest rate hedge
- Type of interest rate hedge instrument and counterparty(s) to be used
- Duration of interest rate hedge
- Expected results and probabilities of achieving those results
- Risks of the interest rate hedge strategy or transaction

As Chairperson of the DFT, the CFO or designee shall notify rating agencies, applicable insurers, and other interested parties before entering into an interest rate swap agreement.

5.3 Counterparty Risk

Interest rate swap counterparties must have long-term bond ratings of A1/A+ or higher when the interest rate swap transaction is entered into. Where possible, counterparties shall be required to collateralize their obligations if their ratings are down-graded below the counterparty's rating at the time the interest rate swap is entered into, dependent upon the specific terms of the approved ISDA agreement. Interest rate hedging counterparties must be specifically approved by the appropriate governing body.

The Treasurer and Risk Director shall notify the DFT of any collateral calls and/or collateral returns within 1 business day of such call/return.

The CFO shall report any default of an interest rate swap transaction by or with a counterparty to the DFT, ~~General Manager~~CEO and FC, EC, and BOD chairs within 1 business day of such default.

5.4 Hedging Criteria

Products shall be favored which have well-established and liquid markets to facilitate liquidity of the hedging contract. Interest rate hedging products can be transacted on a negotiated or competitive basis, as determined by the DFT. Interest rate swap agreement documentation shall include a standard ISDA Master Agreement, a Schedule to the Agreement, a Credit Support Agreement or Guarantee (if required) and trade confirmations as the primary documents for terms and conditions.

5.5 Provider Diversification

No more than 35% of any single debt provider of a Project's total debt shall be hedged with interest rate swaps, caps or other hedging instruments, in the aggregate to be measured at the time of purchase and annually thereafter. In the event that a single debt provider exceeds the 35% maximum, the CFO shall cause such condition to be reported to the FC and submit for approval a strategy for addressing that condition, including an appropriate timeline for implementation.

5.6 Termination

The appropriate governing body must approve the initiation of optional termination by FMPA. In general, FMPA shall not agree to terms that permit a counterparty to terminate a swap at its unconditioned option unless giving the counterparty such right is in the best interest of FMPA, taking into consideration the purposes for and circumstances under which the Agency is entering into the swap. Criteria for termination/default events are found in each respective ISDA Schedule and/or agreement.

5.7 Collateral at Risk

The CFO shall cause any amounts posted for interest rate hedging collateral to be reported to the FC at each regular meeting along with a strategy for handling the collateral at risk level. Such strategy shall consider liquidity requirements, termination costs, rating downgrade posting thresholds, and the resulting impact on rates. Amounts posted for collateral shall also be included in the monthly swap report detailed in Section 7.1 below.

5.8 Dodd-Frank ISDA Compliance

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and the implementing U.S. Commodity Futures Trading Commission (CFTC) regulations, including external business conduct standards applicable to FMPA, impose a number of new compliance obligations on FMPA in regards to providing information about its swap agreements. This Section 5.8 of the Debt Risk Management Policy is specifically focused on the Dodd-Frank Act compliance responsibilities of FMPA staff.

5.8.1 Recorded Communication

Each person at FMPA who has discussions with a swap counterparty regarding an existing swap transaction or a proposed swap transaction or the master agreement (including the related schedule and credit support annex, if applicable) that governs or will govern such swap transaction acknowledges and agrees that the discussions will be recorded by the swap counterparty and consents to the recording and agrees to sign an annual acknowledgement form stating that they acknowledge that they have read and understand the policies and procedures regarding discussions of swap documentation.

5.8.2 Dodd-Frank Supplement

FMPA will take the necessary steps to comply with its representations, agreements and notice requirements in the ISDA August 2012 DF Supplement, published on August 13, 2012 by the International Swaps and Derivatives Association, Inc., and in any other ISDA protocol documentation entered into by FMPA (directly or through incorporation by reference into existing ISDA master agreements) from time to time.

5.8.3 Qualified Independent Representative

FMPA will enter into a contract with a firm or firms that will have the qualifications to act as a qualified independent representative to FMPA in accordance with the requirements of CFTC Regulation §23.450 and its related safe harbor provisions. Each such contract will require the firm(s) to make representations and provide agreements to satisfy the requirements and safe harbor provisions of CFTC Regulation §23.450 in a manner satisfactory to FMPA.

5.8.3.1 FMPA shall utilize the services of such qualified independent representative when entering into, modifying or terminating (in whole or in part) any swap transaction.

5.8.3.2 FMPA shall monitor the continued performance of each qualified independent representative by requesting certifications annually, as a minimum, from each qualified independent representative restating that the representations and agreements in the contract described above (in Section 5.8.3) are true and correct and that no breach of the contract has occurred. Such certification shall include reference that any notice of failure of a representation or agreement provided by the qualified independent representative was true and correct and promptly provided.

6.0 Internal Controls

The CFO shall cause to be established a system of written internal controls to manage debt issuance and related activities, consistent with this Policy, established Debt Management Procedures and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA will continue to commit the resources necessary to debt management activities to be viewed by investors in the most favorable light, doing so with highest ethical principles, and consistent with all applicable rules and laws.

The Agency Risk ~~Manager~~ Director 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~~ Director identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

The CFO or designee is responsible for issuance of debt. Accounting staff shall maintain accounting records for debt transactions, but shall not have any responsibility for the process of financing assets.

6.1 Policy and Procedure Compliance

The Agency Risk ~~Manager~~ Director shall cause compliance with this Policy and associated Procedures to be monitored on an ongoing basis. This shall include a review of policy compliance following *each* debt issuance. Any unresolved compliance issues will be presented to the FC by the Agency Risk ~~Manager~~Director.

6.2 Post Issuance

Following the issuance of bonds for any project, the Treasurer and Risk Director shall cause the following requirements to be met:

- Primary Disclosure: As required by the Florida Division of Bond Finance.
- Continuing Disclosure: MSRB/EMMA as required, in compliance with SEC rule 15c2-12 concerning primary and secondary market disclosure.
- Arbitrage Rebate Reports: To be completed annually by a qualified third party. Amounts calculated as liabilities will be reported in the annual audited financial statements. Rebate payments, if required, will be paid for each bond issue as required by regulatory requirements.
- Investor Relations: See the Accounting, Internal Controls & Audit Policy; Appendix J of the FMPA Risk Management Policy, for financial reporting requirements.
- Economic Life Evaluation: Treasurer and Risk Director shall provide outstanding debt information in a timely manner to the System Planning Manager for any required evaluations of outstanding term to remaining economic life per the Power

Supply & Resource Planning Policy, Appendix H of the FMPA Risk Management Policy.

7.0 Reporting

Required reports shall be obtained from information maintained in the Agency's treasury database software (such as Integrity) which is subject to -mid-office oversight. Reports not obtained from such software shall be subject to additional oversight as deemed appropriate by the Agency Risk ~~Manager~~Director.

7.1 Debt Portfolio Reports

The Treasurer and Risk Director is responsible for completion of the following reporting requirements:

A. Monthly swap report to be posted on FMPA's member website and will include, at a minimum, the following:
   1) Description of each interest rate swap agreement, including the effective date, notional amount, pay and receive coupon rates, counterparty, and any other relevant information as appropriate.
   2) Market value as of report date from an independent third party source (such as Bloomberg or FMPA's swap advisor). Value per counterparty may be used when independent market value is not widely obtainable.
   3) Collateral posting thresholds per counterparty.
   4) Collateral posted with/by counterparties.
   5) Interest earned on collateral postings.

B. Annual debt report presented to the EC and BOD at their first regularly scheduled meeting following approval of audited financial statements. Such annual debt report shall include, at a minimum, the following:
   1) Percentage of portfolio that is fixed rate, variable rate, and synthetic fixed rate at fiscal year-end.
   2) Total cost of debt (effective interest rate) per Project for the previous fiscal year.
   3) Interest rate swap counterparty diversification report.
   4) Debt outstanding for each Project by respective participants.

C. The Treasurer and Risk Director shall report on the current risk environment affecting FMPA's debt outstanding to the DFT, as needed. The DFT shall engage in any necessary discussion before recommending action to the appropriate governing body.

7.2 Post-closing Report

The CFO, as chairperson of the DFT, is responsible for completion of a post-closing debt report. Such report shall be made to the appropriate governing body at their next regular meeting following the closing of a debt financing transaction. The report shall include, at a minimum, the total cost of debt financing, type of debt issued and effect on the portfolio mix, any associated interest rate swaps, any credit enhancement, method of sale, and underwriter diversification for the Project.

7.3 Oversight Structure

The Agency Risk ~~Manager~~ 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 FC as described in Section 7.0 of the FMPA Risk Management Policy.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Debt Management Policy Reporting Requirements				
Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Collateral Call or Return	As Needed	Treasurer and Risk Director	Section 5.2	Transaction Management
Swap Transaction Defaults	As Needed	CFO	Section 5.3	Counterparty Risk
Swap Diversity Exceptions	As Needed	CFO	Section 5.5	Provider Diversification
Collateral Posted	As Needed	CFO	Section 5.7	Collateral at Risk
Policy and Procedure Compliance	As Needed	Treasurer and Risk Director~~Agency Risk Manager~~	Section 6.1	Policy and Procedure Compliance
Primary and Continuing Disclosure	As Needed	Treasurer and Risk Director	Section 6.2	Post Issuance
Interest Rate Swap Report	Monthly	Treasurer and Risk Director	Section 7.1	Debt Portfolio Reports
Recorded Communication Consent Form	Annually (As Needed)	Treasurer and Risk Director	Section 5.8.1	Recorded Communication
QIR qualification attestation	Annually	Treasurer and Risk Director	Section 5.8.3	Qualified Independent Representative
Annual Debt Report	Annually	Treasurer and Risk Director	Section 7.1	Debt Portfolio Reports
Post-Closing Report	Upon Debt Issuance	CFO	Section 7.2	Post-closing Report
Deviations from Policy	As Needed	Treasurer and Risk Director~~Agency Risk Manager~~	Section 7.3	Oversight Structure

Policy Operating and Effectiveness	Annually	Finance Committee	Section 7.3	Oversight Structure

Appendix B

The table below shows the approved debt portfolio mix as described in Section 4.3 of this Debt Risk Management Policy.

LIMITS OF EXECUTIVE COMMITTEE DEBT PORTFOLIO MIX			
	Minimum Fixed Rate	**Maximum Fixed Rate**	**Maximum % of Debt w/ Interest Rate Swaps**
All-Requirements Project	60%	100%	25%

LIMITS OF BOARD OF DIRECTORS DEBT PORTFOLIO MIX			
Stanton Project	60%	100%	25%
Stanton II Project	60%	100%	25%
St. Lucie Project	60%	100%	25%
Tri-City Project	60%	100%	25%

RISK MANAGEMENT POLICY
APPENDIX L

FLORIDA MUNICIPAL POWER AGENCY

RECORDS MANAGEMENT RISK MANAGEMENT POLICY

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RECORDS MANAGEMENT
RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY

This Records Management Policy (the "Policy") and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency ("FMPA") may engage in activities to identify, measure and minimize future business risk resulting from the potential loss of records. Records in this context include written documents, electronic versions of documents, and email. This Policy is Appendix L 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 into place, such as those more fully described in Section 5.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the financial or legal position of the Agency.

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

- ❖ The records of the Agency be stored, managed, and retained according to applicable laws.
- ❖ The ~~General Manager~~CEO exercises overall responsibility for FMPA's records management system.
- ❖ The ~~General Manager~~CEO shall cause procedures to be created to implement this Policy.
- ❖ Deviations from this Policy shall be reported to the ~~Audit and Risk Oversight~~Finance Committee.

2.0 Scope

This Policy applies to all business records of the Agency including contracts, correspondence (including emails and other electronic communications), and any other corporate records.

The ~~General Manager~~CEO exercises overall responsibility for FMPA's records management system. Each employee of the Agency is responsible for complying with records retention regulations. The Records Management staff in the Information Systems Department is responsible for managing all centrally stored physical and electronic records of the Agency. The Agency has adopted an electronic records management system to reduce legally required records to an electronic format which are stored in the system for easy retrieval. Presently, the Agency follows two Records Retention Schedules established by the State of Florida – GS1-L and GS14.

Records are destroyed only after the retention period established by either GS1-L or GS14 has been satisfied. Records may be retained longer than the state mandated retention period if beneficial to FMPA.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's assets. The ~~General Manager~~CEO shall cause procedures to be created 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 risk encountered by FMPA related to Records Management, the following provides insight into the major areas of records management risk exposure for FMPA.

3.1 Operational Risk: The risk that the Agency will not be able to conduct business as needed. An example of operational risk would be if the executed original of a power supply contract was lost and the Agency was unable to enforce a clause in the contract. Operational risk is mitigated if the documents are protected and copied electronically with off-site back-up of the copy.

3.2 Regulatory Risk: The risk of potential adverse impact of an action or direction from an administrative body such as FERC, DOE, or Treasury Department. The State of Florida, FRCC, and the IRS require that certain documents be retained and available on demand. Should those documents not be available the Agency could suffer negative financial or other consequences.

3.3 Legal Risk: The risk of financial or economic losses incurred by an organization through an unauthorized deviation from any legal obligations imposed by laws, rules, regulations, ordinances, or contracts. As a public agency, FMPA is required to retain certain documents for specific periods of time. Failure to do so is a violation of state or other laws.

4.0 Records Management

The ~~General Manager~~CEO is designated as the First Assistant Secretary to the Board of Directors and Executive Committee in the Agency's By-Laws. As First Assistant Secretary, the ~~General Manager~~CEO has the responsibility to ensure that all books, documents, and papers of the Agency are kept in accordance with standard record keeping practice for utilities, and as may also be required by law, rule or regulation.

Employees shall use the Florida Records Retention Schedules GS1-L and GS14 as a reference for the minimum maintenance requirements and disposal guidelines for records. The Schedules are available on FMPA's Intranet. The Agency's legal counsel shall provide a final opinion in cases where an employee requests clarification of the Records Retention Schedules.

The Agency utilizes an electronic records management system. The ~~Manager of Information Systems~~IT Manager shall ensure that all employees are assigned access rights to the electronic records management system appropriate to their position and department. In addition to electronic records, physical copies of some vital business records are kept at the Agency's headquarters in the vault, a secure fire-resistant location. Access to the vault shall be restricted to appropriate staff members.

Each employee is responsible for ensuring documents under their control are properly retained either electronically or physically. Managers and supervisors are responsible for their subordinates' adherence to this Policy. When a subordinate is no longer employed by the Agency, the immediate supervisor is responsible for safeguarding in accordance with this Policy all records that were in the former employee's control, until such time as responsibility for those records is transferred to another employee.

5.0 Internal Controls

The ~~General Manager~~CEO shall cause to be established a system of written internal controls to safeguard the Agency's business records, consistent with this Policy and Records Management 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 of all applicable laws, including all applicable Florida records retention schedules. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

5.1 System of Controls: The system of internal controls includes the Employee Manual issued by the Agency to all employees. The FMPA Employee Manual includes guidelines for the Public Records Law Policy. Further internal controls shall be established to govern the input of documents into the records management system and the destruction of documents that have fulfilled the state mandated retention period.

5.2 Ongoing Training: The ~~Manager of Information Systems~~IT Manager shall ensure that technical training on the proper use of the electronic records management system is conducted at least biennially for all employees. The Human Resources Department shall ensure that all new employees receive records retention training during orientation,~~-~~ and shall arrange for FMPA's legal counsel to present formal records retention training annually to all employees. Sufficient records shall be maintained in personnel files to show compliance with these training requirements.

5.3 Policy Compliance: Risk Management ~~staff~~team shall cause ~~monitor~~ compliance with this Policy to be monitored, which at a minimum shall include performing an annual review ~~of staff usage of the electronic records management system~~. Results of such annual reviews shall be reported to the ~~Risk Oversight Committee~~Finance Committee.

6.0 Reporting

The ~~General Manager~~CEO shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The ~~Audit and Risk Oversight~~Finance Committee shall cause to be completed an annual report on the operation and effectiveness of this Policy as described in the FMPA Risk Management Policy, Section 7.0. Managers shall report as needed on the current risk environment affecting records management to the Risk Management ~~Department~~team, and engage any necessary discussion before moving related items to ~~Advisory or Board~~Finance Committee~~s~~.

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

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Records Management Training	Every two years	IT Manager	Section 5.2	Ongoing Training
Records Retention Training	Annually	FMPA's legal counsel	Section 5.2	Ongoing Training
Policy Compliance	Annually	Risk Manager/Internal Audit Department	Section 5.3	Policy Compliance
Deviations from Policy	As Needed	CEO	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	**Finance Committee**	Section 6.0	Reporting

RISK MANAGEMENT POLICY
APPENDIX N

FLORIDA MUNICIPAL POWER AGENCY

HUMAN RESOURCES RISK MANAGEMENT POLICY

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HUMAN RESOURCES RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY

This Human Resources 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 employment practices. This Policy is Appendix N 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 into place, such as those more fully described in Section 5.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on FMPA's legal or financial standing.

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

- ❖ Functions of the Human Resources (HR) Department shall comply with all applicable laws and regulations, and Board or Executive Committee approved policies.
- ❖ The HR Department shall oversee employee benefits and compensation and strive to maintain a competitive and cost-effective program.
- ❖ The HR Department shall coordinate with management to oversee and guide the recruitment, hiring, and termination of personnel.
- ❖ Authority is delegated to the Human Resource Director to create procedures to implement this Policy.
- ❖ Deviations from this Policy shall be reported to the Finance Committee.

This Policy serves to create a framework that enables the Human Resource Director to document controls that will minimize FMPA's exposure to risk and enable compliance with established employment and payroll laws and regulations, as well as all Board or Executive Committee approved policies.

2.0 Scope

This Policy applies to all personnel management practices of the Agency, regardless of the normal office location of the employee. As used in this Policy, references to "employee" shall mean any full-time, part-time, casual part-time, or intern staff member employed directly by the Agency. This Policy does not apply to consultants or other professionals engaged by the Agency.

Authority for day-to-day actions is hereby granted to the Human Resource Director, under the direction of the ~~Assistant General Manager of Public Relations & Human Resources~~CEO. The Human Resource Director is responsible for ensuring that all minimum standards and procedures regarding personnel management are in compliance with federal and state laws, rules, and regulations. The HR Policy that was approved by the BOD is being followed.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's personnel and assets. The Human Resource Director will cause procedures to be created 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 risk encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of personnel management risk exposure for FMPA.

3.1 **Operational Risk:** The risk that internal practices, policies, procedures or systems will not perform as intended. An example of operational risk would be if a failure in internal control processes in the HR Department resulted in the processing of inaccurate or fraudulent payroll. This type of failure in the payroll process could cause financial and reputation loss to the Agency.

3.2 **Legal Risk:** The risk of financial or economic losses incurred by an organization through an unauthorized deviation from any legal obligations imposed by law, rules, regulations, ordinances, or contracts. An example of legal risk would be violating federal or state regulations concerning discrimination in the workplace. Such a violation could cause financial and reputation loss to the Agency.

3.3 **Strategic Risk:** The risk that the actions of management or the governing body do not promote the successful attainment of organization objectives. An example of strategic risk might occur if FMPA's Compensation Policy is not applied consistently across the Agency. Such a failure could lead to employee dissatisfaction, increased turnover, or an inability to attract qualified personnel which could impede the Agency in meeting its goals.

4.0 Personnel Management

FMPA's HR Department is responsible for maintaining all personnel records, coordinating the hiring, orientation, and termination processes, administering benefits and compensation programs, and coordinating personnel related activities such as performance evaluations, wellness programs, and professional development opportunities. The Employee Manual addresses many of these responsibilities. The following provides further risk-related detail for significant areas within the HR Department.

4.1 Payroll: The Agency's payroll function is completed by the HR Department. Sufficient segregation of duties shall be in place to ensure that payroll entries are approved at appropriate levels and verified for accuracy. The Agency currently uses a professional third-party vendor to process payroll, which mitigates risk of noncompliance with tax laws and federal filing requirements.

The HR Department must maintain adequate backup documentation to support time worked by employees, to record employee absences due to vacation, sick leave or other leave, and to document payments for overtime worked or other pay types (such as retroactive pay or bonuses). The HR Department shall cooperate with reviews of these controls conducted by internal or external auditors.

Additional guidelines regarding employee payroll and leave during specific Events are located in the Contingency Planning Policy, Appendix M of this FMPA Risk Management Policy.

4.2 Benefits Administration: All employee health and wellness records shall be maintained per Health Insurance Portability and Accountability Act ("HIPAA") regulations. The HR Department is responsible for securing all employee information regarding personal health and wellness as required by HIPAA. The Human Resource Director shall cause to be completed employee enrollment in eligible benefits. The HR Department shall also ensure that benefit eligibility records are properly maintained for all employees.

The Human Resource Director shall cause an annual review of FMPA's health and wellness plans to be conducted to assess competitiveness and cost effectiveness of the benefits program.

4.3 Compensation: FMPA's Compensation Policy is contained within the Employee Manual. The Compensation Policy can only be modified by approval of the Board of Directors. The HR Department is responsible for enforcing consistent application of the Compensation Policy across the Agency.

Salary ranges are reviewed and may be adjusted to market during the annual budget process. As required in the Compensation Policy in the Employee Manual, the Human Resources ~~Manager~~ Director shall cause to be completed on a biennial basis a professional third-party review of salary ranges. Such a review shall be conducted ~~by a national firm who shall~~to determine maximum and minimum salary range points based on a statistically validated range. In the alternating year, any proposed salary range adjustment shall be based on the Consumer Price Index year change announced in the ~~month of March~~prior year.

The HR Department is also responsible for ensuring that all personnel are classified correctly and that all payroll laws and regulations are followed, as required in the Fair Labor Standards Act ("FLSA"). The HR Department shall also strive to ensure that the Agency's compensation structure remains competitive with industry standards.

4.4 Employment: The HR Department shall ensure that all employment laws and regulations are followed consistently and fairly. This includes, but is not limited to, FLSA, Americans with Disabilities Act ("ADA"), Family Medical Leave Act ("FMLA"), HIPAA, Consolidated Omnibus Budget Reconciliation Act ("COBRA"), and Equal Opportunity Employment ("EEO") requirements. The Human Resource Director and FMPA's labor law attorney, in consultation with General Counsel, shall cause to be implemented legal requirements and advise management to ensure compliance with applicable employment laws.

4.5 Succession Planning: The HR Department shall provide support to management in the recruitment and development of employees, so that employees are prepared for advancement within the organization. The HR Department shall assist management in identifying and preparing suitable employees for succession opportunities. Succession planning shall ensure that existing employees are prepared for new leadership opportunities and the Agency's operations are not adversely impacted by the departure of key personnel. If a key management position will be vacated through a planned retirement, a placement in advance of the expected departure date is desirable to minimize the risks of an ineffective succession.

5.0 Internal Controls

The Human Resources ~~Manager~~ Director shall cause to be established a system of written internal controls to safeguard the Agency's personnel and financial assets, consistent with this Policy and Human Resources 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 of applicable legal regulations. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

5.1 System of Controls: The system of internal controls includes the Employee Manual issued by the Agency to all employees. The FMPA Employee Manual includes guidelines for complying with legal requirements, recruitment and employment practices, compensation, employee conduct, benefits, and a variety of Agency procedures. Further internal controls are established in the HR Department governing the separation of payroll duties.

5.2 Ongoing Training: The Human Resource Director shall ensure that all employees receive any training as required by law or regulation. Records must be maintained by the Human Resource Director sufficient to show compliance with training requirements.

The Human Resource Director and other appropriate human resource staff shall be required to complete annually (each fiscal year) 4 hours of continuing professional education in subject courses of study related to personnel management.

5.3 Policy Compliance: Risk Management ~~staff~~ Team shall monitor compliance with this Policy, to include recommendations to the Finance Committee (FC) for external legal compliance reviews when determined necessary. Results of such reviews shall be reported to the Risk Management ~~Department~~ Team and FC.

6.0 Reporting

The Human Resource Director shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The Finance Committee shall cause to be completed an annual report on the operation and effectiveness of this Human Resources Policy as described in the FMPA Risk Management Policy, Section 7.0. Managers shall report as needed on the current risk environment affecting human resource management to the Risk Management Team, and engage any necessary discussion before moving related items to Advisory or Board Committees.

Florida Municipal Power Agency
Risk Management Reporting Calendar
Human Resource Management Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Link to Policy Reference
Review of Health and Wellness Plans	Annually	Human Resources ~~Manager~~ Director	Section 4.2	Benefits Administration
Review of Salary Ranges	Biennially	Human Resources ~~Manager~~ Director	Section 4.3	Compensation
Policy Compliance	As Needed	Risk Management Team	Section 5.3	Policy Compliance
Deviations from Policy	As Needed	Human Resources ~~Manager~~ Director	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 6.0	Reporting

FLORIDA MUNICIPAL POWER AGENCY

RISK MANAGEMENT POLICY
APPENDIX O

INFORMATION TECHNOLOGY RISK MANAGEMENT POLICY

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INFORMATION TECHNOLOGY RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Information Technology 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 use of information technology ("IT") assets and resources. This Policy is Appendix O 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 governing bodies. FMPA staff is hereby authorized to put mechanisms into place, such as those more fully described in Section 4.0 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse effect on FMPA's ability to utilize its IT assets and resources.

The following summarizes the Policy of the Board of Directors and Executive Committee:

- ❖ Information technology management shall conform to applicable regulatory and legal requirements.
- ❖ Authority is delegated to the Information Technology Manager ("ITSC") to create procedures to facilitate the management of IT and administer this Policy.
- ❖ The ITSC shall recommend procedures and operational policies for specific IT activities as specified in Section 4.2.
- ❖ FMPA's ITSC shall present all recommendations to the General Manager for approval as required in Section 4.2.

- The Information Technology Manager shall report on ITSC activities as required in Section 6.0 of this Policy.
- The Agency Risk Manager shall report deviations from this Policy to the ~~Audit and Risk Oversight~~Finance Committee ("~~AROC~~FC").

2.0 Scope

This Policy applies to all IT assets utilized by FMPA whether at office or generation asset locations, except those Operational Technology ~~IT~~ assets ~~defined as Critical Cyber Assets under~~subject to NERC CIP standards which shall be governed by policies or procedures established by the CIP Senior Manager~~Regulatory Compliance Officer~~. For this Policy "information technology assets and resources" are defined as the staff, software, hardware, phone systems and facilities that are used to electronically store, retrieve and/or manipulate business information at FMPA.

The Records Management Risk Management Policy (Appendix L of the FMPA Risk Management Policy) addresses management of the Agency's business records, except where superseded by NERC/FERC regulations.

All users of FMPA's IT assets and resources are responsible for the proper care and use of IT assets and resources under their direct control as defined in this Policy, the Employee Manual and all associated policies and procedures.

3.0 Types of Information Technology Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure effective and efficient operation of information technology assets and resources. The IT Manager will cause procedures to be created that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. The FMPA Risk Management Policy identifies ten risks composing FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the framework provides insight into the major areas of risk exposure for FMPA. The following selected framework risks are those risks presented by typical information technology activities.

3.1 **Regulatory Risk:** The potential adverse impact of an action or direction from a regulatory body. An example of regulatory risk impacting IT assets might occur if regulatory standards are issued which require a higher level of IT security than currently in place. Non-compliance to such standards could expose FMPA to fines or other regulatory action.

3.2 **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. An example of administrative risk for IT assets would be if unauthorized system changes were made to a financial information system. Such changes could allow fraud or financial misstatement to occur, resulting in financial loss to FMPA. Not being able to detect such unauthorized changes would make this risk more pronounced.

3.3 **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. An example of strategic risk related to IT assets would be if decisions regarding implementation of new software were not tied to FMPA's strategic goals. This lack of coordination could result in separate business decisions which do not support the achievement of FMPA's goals, resulting in financial and/or reputation loss.

4.0 Information Technology Management

This Policy establishes broad measures to secure FMPA's IT assets and resources against theft, fraud, malicious or accidental damage, and/or breach of integrity.

4.1 Information Technology Ownership: A custodian is responsible for IT assets or resources under their control as described below.

The IT Manager is custodian of the infrastructure of all Agency-wide systems, including all hardware, software, and voice and data networks associated with such systems. This includes items such as, but not limited to, email and network servers, internet connections, firewalls and virus protection.

Managers are custodians of all applications and systems under each manager's direct control. The ITSC shall maintain a list of current application and system owners, in accordance with procedures established as prescribed in Section 4.2.

All Staff are custodians of computing systems or telecommunication devices issued for their exclusive use, regardless of length of time of use. This includes, but is not limited to, desktop and laptop computers, cell phones, and storage media. The Employee Manual further addresses staff responsibilities and disciplinary actions resulting from misconduct.

4.1.1 Security Breaches: All custodians are responsible for notifying the IT Manager of security breaches that require actions beyond the custodian's ability or authority. A security breach is defined for this Policy as data or actions which intentionally or unintentionally violate this Policy. The IT Manager shall log all such reported breaches and provide a monthly summary report (if breaches occur) to the Agency Risk Manager.

4.1.2 Software Licenses: All staff are responsible for complying with applicable copyright laws and with the terms and conditions of any contract or software licenses for purchased, leased, or acquired software. ITSC procedures regarding software approval and installation shall be followed by all staff prior to installing, distributing or copying software.

4.2 **Information Technology Steering Committee (ITSC):** The ITSC is an FMPA staff group that shall review and collaborate on strategic issues related to the IT assets and resources of the Agency. The ITSC shall review and make recommendations regarding software initiatives, IT policies and procedures, IT budget development, standards and overall IT performance, and coordination of priorities between IT and Agency departments.

The ITSC Charter maintained by the IT Manager further details the duties, voting structure and meeting organization of the group.

At a minimum, the ITSC should recommend policies and/or procedures supportive of this Policy to include:

- User access approval process
- Software patching
- System, application and network logging
- Application and network security standards
- Change management processes
- Database administration and management
- Software approval and installation

The IT Manager, as Chairperson of the ITSC, shall present all ITSC recommendations to the General Manager for approval prior to implementation.

The ITSC shall at a minimum consist of the following members:

- IT Manager (Chairperson)
- ~~Assistant General Manager Power Resources~~Chief Operating Officer

- ~~Assistant General Manager, Finance and Information Technology and~~ CFO
- Assistant General Manager, Member Services, Human Resources, and Public Relations
- ~~Regulatory Compliance Officer~~
- Chief Information Security Officer
- Other members as deemed necessary by Chairperson or General Manager
- Risk ~~Department~~Team representative as a non-voting member

4.3 System Availability and Integrity: The Continuity Planning Policy (Appendix M of the FMPA Risk Management Policy) contains the current minimum restoration times for key applications. The IT Manager shall comply with those Policy requirements along with applicable results from biennial disaster recovery tests in determining the maximum allowable downtime for Agency-wide systems.

At a minimum, FMPA shall utilize a co-location facility for off-site data storage and back-up that is sufficient to meet the timeframes established by the standards above. Preference shall be given to locations with SAS 70 audit compliance.

~~The IT Manager shall coordinate with the Regulatory Compliance Officer to ensure compliance with applicable NERC standards (see Statutory and Regulatory Policy, Appendix G of the FMPA Risk Management Policy). The IT Manager and/or other designated staff should participate in the FRCC Critical Infrastructure Protection Committee or its subcommittees, working groups or task forces, as permitted by regulations.~~

4.4 Security and Privacy Standards: Protective measures shall be taken by all custodians to ensure compliance to any applicable regulations and to maintain the integrity of FMPA's IT assets and resources. Satisfactory controls shall be directed at reducing probable high impact risk events, such as preventing access of unauthorized users.

The ITSC may recommend to the General Manager operating policies and procedures which expand on the following minimum privacy and security standards:

4.4.1 Physical security: Server rooms or other sensitive IT asset and resource locations shall maintain the following minimum safeguards against unauthorized access:

- Doors shall remain locked when not occupied by authorized personnel.
- Non-IT Department persons shall not be granted access without IT Dept staff present.
- Sites without IT Department staff on-site shall have a staff person designated as the IT asset custodian. Only authorized personnel may access and/or modify IT assets and resources. Access to IT assets and resources shall be monitored as determined by guidelines to be established by the ITSC.

4.4.2 User Access:

- Requirements for passwords shall be determined by the risk level of each system or application, as shown in the table below:

Risk Level	Password Complexity
High	64-bit information entropy
Low	32-bit information entropy

- Risk levels shall be assigned to each application or system as prescribed in applicable ITSC procedures.

- It is recommended that unique user names be utilized.
- Inactivity periods must be enforced on all FMPA computing assets. The system must automatically suspend the session after a maximum of 15 minutes of inactivity, and re-establishment of the session shall only be allowed upon resubmission of the password.
- The Human Resources Director is responsible for notifying IT of access changes required prior to cease of employment of any staff.
- Managers must follow the "Access Control Procedures" (as recommended by ITSC and approved by General Manager) to request staff access changes to systems or applications, including new hires.
- Manager owners shall perform annual user access reviews for systems under their control, as defined in "Access Control Procedures". The IT Manager shall annually provide each owner with applicable user access reports to facilitate such a review.

4.4.3 Virus Protection:

- The IT Manager shall maintain anti-virus software on all vulnerable systems. The IT Manager shall maintain documentation for any systems that are not current with anti-virus software with rationale for such status.
- At a minimum such anti-virus software should attempt to check all software, data and attachments for viruses, provide software tools to detect and remove viruses, and isolate infected items quickly to allow for removal.
- The IT Manager shall cause to be conducted a market review of anti-virus software no less than every three years to verify that existing software meets then current industry standards. Results shall be reported to the ITSC for consideration in the budget development process.

4.4.4 Firewalls:

- The IT Manager shall coordinate and document an annual internal review of the firewall ruleset to ensure it is reasonably restrictive, limiting access to only necessary ports and protocols.
- The IT Manager is responsible for documenting the business need for each rule within the firewall configuration
- FMPA shall maintain a system which documents changes to firewall rulesets.

4.4.5 Change Management:

- FMPA shall maintain a representative test environment which allows appropriate testing for compatibility before additions to or updates of systems or applications.
- The ~~Assistant General Managers (AGMs)~~Senior Leadership Team have discretion to approve modifications in applications/systems for which their respective division managers are custodians. The AGMs must comply with the ITSC Charter.

4.4.6 System, Application and Network Logging:

- The IT Manager shall ensure that logging is taking place for all critical Windows, border router, and application events by maintaining a centralized application and network log aggregation, monitoring, and alerting solution.
- Logs should be aggregated from key business applications, servers and network devices including firewalls and routers.
- The IT Manager shall maintain such logs in accordance with the Records Management Policy.

5.0 Internal Controls

The IT Manager shall cause to be established a system of written internal controls to manage IT assets and resources, consistent with this Policy and associated Procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy.

5.1 Policy and Procedure Compliance: The Agency Risk Manager shall cause compliance with this Policy and associated procedures to be monitored on an annual basis. Any unresolved compliance issues will be presented to the ~~AROC~~FC by the Agency Risk Manager. Violations involving personnel issues shall be handled through FMPA's standard disciplinary process.

5.2 Internal Controls: Establishment of internal controls within the IT Department will be addressed by the policies identified in Section 4.4 and any associated procedures. The acceptable level of internal controls may change with the Agency's IT assets and resources. The IT Department will strive to maintain a segregation of duties between system administrators and programmers. To the extent such segregation of duties is not possible, compensating controls shall be established and documented by the IT Manager.

5.3 Staff Training: New employees shall be notified of this Policy during orientation. The IT Manager shall develop an ongoing user training program to address common security topics. These topics may include:

- Viruses, worms, Trojan horses
- Social engineering attacks
- Mobile device security
- Strong password construction
- Safe computing habits

Staff training may be conducted through formal training, written communications, or web-hosted training materials.

5.4 Continuing Education: The IT Manager and other appropriate IT Department staff are recommended to complete at least 8 hours of continuing education annually in subject courses of study related to IT assets, system management, and/or security as it pertains to job duties.

6.0 Reporting

The IT Manager is responsible for completion of the following reporting requirements:

6.1 Report to ITSC: An annual report to the ITSC on the activities of the IT Department during the past year. The ITSC shall review the report and provide an analysis of any problems and solutions for inclusion in the annual ~~AROC~~FC report described below. The ITSC annual report shall at a minimum include the following:

1. Summary of system downtimes (planned and unplanned outages)
2. Support tickets resolved and outstanding
3. Rationale for non-current anti-virus software (4.4.3)
4. Summary of firewall ruleset changes (4.4.4)
5. Unresolved ITSC agenda items

6.2 Report to ~~AROC~~FC: An annual report ~~at the September~~will be presented to the ~~AROC~~FC ~~meeting~~ on the activities of the ITSC during the previous year. Such report shall at a minimum include the following:

1. Security breaches
2. ITSC approved exceptions as allowed by Policy
3. List of General Manager approved IT policies and procedures

4. Significant changes to IT risks since last report
5. ITSC analysis of problems and solutions, as applicable

The Agency Risk Manager 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 presented to the ~~AROC~~FC as described in Section 7.0 of the FMPA Risk Management Policy. The IT Manager shall report on the current risk environment affecting FMPA's information technology to the Risk Management Department as needed and engage any necessary discussion before recommending action to the appropriate governing body.

Florida Municipal Power Agency
Risk Management Reporting Calendar
Information Technology Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Security Breaches to Risk Manager	Monthly	IT Manager	Section 4.1.1	Security Breaches
User access reports to Managers	Annually	IT Manager	Section 4.4.2	User Access
~~AROC~~ **FC** annual report	Annually	IT Manager	Section 6.0	Reporting
ITSC annual report	Annually	IT Manager	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	~~The AROC~~ The FC	Section 6.0	Reporting

RISK MANAGEMENT POLICY
APPENDIX D

FLORIDA MUNICIPAL POWER AGENCY

INSURANCE PROGRAM RISK MANAGEMENT POLICY

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INSURANCE PROGRAM RISK MANAGEMENT POLICY
FOR FLORIDA MUNICIPAL POWER AGENCY

This Insurance Program 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 insurance operations.

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 protect its employees and material assets from damage or loss.

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 and administer this Policy.
- ❖ Potential exposures to loss shall be systematically and continuously identified.
- ❖ An analysis of the balance of probability of frequency and severity of loss shall guide the selection of an optimal level of insurance coverage.
- ❖ Risk exposures shall be reduced, eliminated, or transferred to other parties where appropriate.
- ❖ The Treasurer and Risk Director shall report deviations and other reports as required in this Policy to the Finance Committee (FC).

This Policy serves as a framework that enables the Treasurer and Risk Director to direct insurance activities by establishing minimum standards to systematically identify potential exposure to risk, measure the possible impact of those risks, and implement strategies to mitigate those risks.

2.0 Scope and Authority

This Policy applies to all aspects of the Agency's business and its Projects.

2.1 Delegation of Authority: The Board of Directors and Executive Committee delegate authority to the Treasurer and Risk Director to administer this Policy and oversee the day-to-day operation of this Policy. The Treasurer and Risk Director may deviate from this Policy with approval of the ~~General Manager~~CEO but must report all deviations to the FC within 5 business days.

2.2 Reporting Claims: All claims except workers' compensation shall be reported to and handled by the Treasurer and Risk Director. Claims related to workers' compensation shall be reported to and handled by the Human Resources Department.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to safeguard the Agency's ability to limit exposure to financial loss events related to employees and material assets. The Treasurer and Risk Director shall cause procedures to be written that identify the 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 insurance related risk encountered by FMPA during the normal course of the business cycle, the following provides insight into FMPA's risk exposure.

3.1 Operational Risk: The risk that internal practices, policies, procedures or systems will not perform as intended. An example of operation risk involving insurance might occur if a hurricane damaged the FMPA offices, but there was insufficient insurance to cover losses. This lack of adequate insurance could cause financial loss to FMPA.

3.2 Reputational Risk: The risk that customers or the public will negatively perceive the Agency. An example of reputational risk might occur if an employee is hurt while on the job and the Agency did not have appropriate worker's compensation insurance, resulting in negative public reaction. This negative perception could cause financial or reputation loss to FMPA.

4.0 Potential Exposures to Loss

The Treasurer and Risk Director is responsible for overseeing Agency and FMPA Projects' liability and property insurance activities through the Insurance Program. This shall include a systematic and continuous identification of potential exposure to loss. Insurance needs other than liability and property are the responsibility of the Human Resources Manager.

4.1 Annual Review: The Treasurer and Risk Director shall cause areas of potential exposure to be reviewed not less than annually. This review shall include, at a minimum, FMPA operations, services and service delivery methods, real and personal property and other exposures. The review shall also include an analysis of losses and loss history trends. An annual review of health and wellness plans is required by the Human Resources Risk Policy, Appendix N of this FMPA Risk Management Policy

4.2 Exposure Awareness: The Treasurer and Risk Director shall cause activities to be conducted that will increase the level of awareness of division and department heads as to risk impact of new programs, projects, procurements, and activities.

4.3 Reduce or Eliminate Exposure: The Treasurer and Risk Director shall cause systematic reviews of identified exposures to be completed and make recommendations to the appropriate manager or governing body as to the reduction or elimination of those exposures where feasible.

4.4 Transfer Exposures: All contracts entered into by FMPA that exceed $10,000,000, or other contracts at the discretion of the ~~General Manager~~CEO, shall be reviewed by the TRD to identify and reduce any contractual liability being assumed by FMPA. When determined appropriate by the Treasurer and Risk Director, FMPA shall transfer risk to persons operating FMPA facilities or performing any operations for or on behalf of FMPA whenever possible.

All contracts for services shall clarify the status of the contractor as an independent contractor, where appropriate. All contracts and agreements are to be "Reviewed as to Form" and approved by the General Counsel's office.

4.5 Analysis: The Treasurer and Risk Director shall cause to be completed an analysis on remaining risk exposures for the probability of frequency and severity of loss, as well as the variety and types of claims and their probable financial impact. This analysis should contribute to the selection of an optimal level of insurance coverage. For risks that cannot be eliminated or transferred, FMPA shall either purchase insurance or self-insure~~self insure~~ and handle claims as an operating cost.

5.0 Internal Controls

The Treasurer and Risk Director shall cause to be established a system of written internal controls to regulate insurance activities, consistent with this Policy, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. The Treasurer and Risk Director is responsible for the day-to-day transactions undertaken, pursuant to this Policy, and for regulating the activities related to risk management.

5.1 Competitive Selection of Insurance Services: The Treasurer and Risk Director shall cause to be conducted a market review of brokerage and other needed services no less than every ~~five~~ seven (7~~5~~) years. The Treasurer and Risk Director shall review and update the insurance specifications for required coverage, desired forms, deductible options and limits prior to submission to the insurance market. The selection process shall follow the guidelines of the Procurement Policy, Appendix O of this FMPA Risk Management Policy.

5.2 Claims Procedures: The Treasurer and Risk Director shall develop and implement procedures for the reporting and handling of accidents and losses related to property and liability claims. The Human Resources Manager shall notify FMPA's General Counsel, ~~General Manager~~CEO, and Treasurer and Risk Director when a workers' compensation claim has been made.

5.3 Continuing Education: The Treasurer and Risk Director and other appropriate risk management staff are recommended to complete 8 hours of continuing professional education (CPE's), or as required by State Regulations, in subject courses of study related to risk management products and techniques.

6.0 Reporting

The Treasurer and Risk Director shall make recommendations for levels of insurance and limiting exposures to the FC as necessary, but no less than once a year. The Treasurer and Risk Director shall also provide an ~~annual~~ report to the FC ~~no later than January 31 each year~~ annually. This annual report shall include, but is not limited to, the following:

- Prior year actuals for premiums, claims, and losses.
- Cost of insurance coverage.
- Change of coverage limits, amounts, or other material aspects of the policy within the current policy period year.
- Recommend changes to coverage limits, amounts, or other material aspects of the policy within a future policy period.
- Any additional coverage purchases within the current or future policy periods.

The Treasurer and Risk Director shall cause any deviations from this Policy to be reported according to the guidelines set forth in the FMPA Risk Management Policy, Section 4.1. The FC shall cause to be completed an annual report on the operation and effectiveness of this Policy as described in the FMPA Risk Management Policy, Section 7.0. Treasurer and Risk Director shall report as needed on the current risk environment affecting the insurance program to the ~~General Manager~~CEO as needed, and engage any necessary discussion before moving items to the FC or governing bodies.

Insurance Program Reporting Requirements

Reporting Item	Frequency of Report	Responsible Party	Policy Reference	Policy Reference
Deviations from Policy	As needed	Treasurer and Risk Director	Section 2.1	Scope and Authority
Review of Potential Exposure	Annually	Treasurer and Risk Director	Section 4.1	Potential Exposure to Loss
Market Review of Brokerage	Every 7 Years	Treasurer and Risk Director	Section 5.1	Competitive Selection of Insurance Services
Worker's Compensation claims	As needed	HR Director	Section 5.2	Claims Procedures
Annual Report	Annually by Jan 31	Treasurer and Risk Director	Section 6.0	Reporting
Deviations from Policy	As Needed	Treasurer and Risk Director	Section 6.0	Reporting
Policy Operation & Effectiveness	Annually	Finance Committee	Section 6.0	Reporting

AGENDA ITEM 10 – REPORTS

b. Risk Compliance Reports

Finance Committee Meeting
January 15, 2020

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executives and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period **December 2018 to November, 2019**

Responsible Manager(s): Rich Popp, Treasurer and Risk Director

Policy Compliance: Indicate whether the following items required in the Debt Risk Management Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
Financial Advisor provided written recommendations to the appropriate governing bodies prior to execution of debt. (Section 2.0)	X		Recommendations were contained in the respective debt resolutions presented for approval.
The CFO caused Treasury Procedures to be established. (Section 6.0)	X		
CFO presented all Debt Financing Team (DFT) recommendations to CEO. (Section 4.1)	X		All DFT recommendations become formal Agenda items which are set and approved by the CEO
Debt Financing Team explained risks of any proposed structure or transaction to the appropriate governing body. (Section 4.3)	X		
Debt portfolio mix levels were measured at time of debt issuance, and any deviations approved by appropriate governing body. (Section 4.3)	X		Only fixed rate debt that is in the respective debt resolution presented for approval.
Policy requirements were met for any refunding bonds issued. (Section 4.9)	X		ARP refinancing was done to eliminate swap derivatives, and LIBOR exposure
Derivatives were entered into only with the approval of the appropriate governing body. (Section 5.0)			N/A - None transacted during review period.
CFO, in consulting with Debt Financing Team, ensured active management of interest rate hedging program. (Section 5)	X		Swap Advisor is a regular participant in scheduled DFT Meetings
External entities were advised as required per Policy before entering into swap agreements. (Section 5.2)			N/A - None transacted during review period.
Treasurer notified Debt Financing Team (DFT) of any collateral calls or collateral returns within 1 business day. (Section 5.3)			N/A – None occurred during review period

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
Hedging counterparties had long-term bond ratings of A-1/A+ or higher at time of execution. (Section 5.3)			N/A - None transacted during review period.
CFO reported interest rate swap transaction defaults to the Debt Financing Team, CEO, and governing body chairs within 1 business day. (Section 5.3)			N/A – No occurrence during review period
CFO reported to the FC when more than 35% of a Project's total debt was hedged with any one provider. (Section 5.5)			N/A – There was no swap counterparties.
Appropriate governing body approved any optional interest rate swap terminations. (Section 5.6)	X		
Treasurer completed all post-issuance reporting and compliance requirements. (Section 6.2)	X		Required reports completed
CFO caused posted collateral to be reported to each FC with a strategy for handling related risk level. (Section 5.7)			N/A – None occurred during review period
Debt Portfolio reports were issued as required. (Section 7.1)	X		Report presented during February 2019 EC and BOD meeting
Post-closing reports were issued as required. (Section 7.2)			N/A

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to issuance of debt.			X		
Debt portfolio contributes to at least an A- or A3 credit rating.			X		
The cost and benefit of all aspects of proposed debt structures are fully considered.			X		
Debt service coverage remains at levels to comply with bond covenants.			X		

Internal Control Assessment: continued					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to interest rate swap transactions.			X		
Hedging transactions have authorized business purposes and measured risk.			X		
Sufficient segregation of duties is maintained.			X		
Off-balance sheet obligations are reported to the FC or higher governing body.			X		None known by Treasury.

Are there any concerns related to debt risk management which should be brought to the attention of the CEO as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to debt risk management which require immediate attention? Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of debt risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact debt risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:
All interest rate swaps have been eliminated as of November 7, ,2019.

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

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Liyuan Woerner
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Risk Management Reviewer — 12/23/2019 **Date**

DocuSigned by:
Rich Popp
B57BD50ABB3D4AF...

Responsible Manager Signature — 12/23/2019 **Date**

Risk Director Signature

DocuSigned by:
Linda Howard
6993B7B4E76C43B...

Responsible Executive Officer Signature — 12/26/2019 **Date**

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executives and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: November, 2018 to October, 2019

Responsible Manager(s): Luis Cruz, IT Manager; and Sharon Adams, Human Resource Director

Policy Compliance: Indicate whether the following items required in the Records Management Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
CEO caused procedures to be created. (Section 3.0)	X		
Record retention schedules GS1-L and GS14 are posted on the Intranet. (Section 4.0)	X		
IT Manager assigned staff appropriate access rights to the electronic records management system. (Section 4.0)	X		
IT Manager conducted technical training at least biennially for all employees. (Section 5.2)	X		
The HR Department ensured all new employees received records retention training during orientation. (Section 5.2)	X		
The HR Department coordinated with legal counsel to present formal records retention training to all employees annually. (Section 5.2)	X		Public Record Law & Sunshine Law training is completed

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to the security of the Agency's business records.			X		
Agency records are retained in compliance with legal requirements and Agency policy.			X		
Access to the vault is restricted to appropriate staff members.			X		
Managers are held responsible for their subordinates' compliance with records retention policies.			X		

Are there any concerns related to records management risk management which should be brought to the attention of the General Manager as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to records management risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of records management risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact records management risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

DocuSigned by: Liyuan Woerner
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Risk Management Reviewer

12/30/2019
Date

DocuSigned by: Sharon Adams
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Responsible Manager Signature

12/30/2019
Date

DocuSigned by:
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Responsible Manager Signature

1/3/2020
Date

DocuSigned by: Rich Popp
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Risk Director Signature

1/2/2020
Date

DocuSigned by: Jacob Williams
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Responsible Executive Officer Signature

12/30/2019
Date

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: **December 2018 to November 2019**

Responsible Manager(s): Sharon Adams, Human Resources Director

Policy Compliance: Indicate whether the following items required in the Human Resources Policy were completed during the review period.			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
HR Director caused procedures to be established (Section 3.0)	X		
HR Department cooperated with reviews of payroll controls by internal or external auditors. (Section 4.1)	X		
Employee health and wellness records were maintained per HIPAA regulations. (Section 4.2)	X		
An annual review of health and wellness plan was conducted by HR Department. (Section 4.2)	X		The health and wellness plan was reviewed in October 2019
HR Department enforced consistent application of the Compensation Policy across the Agency. (Section 4.3)	X		
During the budget process, either (in alternating years) a third party review of salary ranges was conducted or the CPI year change announced in March was used for proposed range changes. (Section 4.3)	X		Recommend changes to national firm requirement.
HR Department ensured employment laws and regulations were followed consistently and fairly. (Section 4.4)	X		
HR Director caused a system of internal controls to be established. (Section 5.0)	X		
HR Director ensured all employees received required training and maintained records of such. (Section 5.2)	X		EEOC Training Public Records
HR Director and appropriate staff completed 4 hours of professional education related to personnel management. (Section 5.2)	X		HR Director attended training May 2019

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to personnel management activities.			X		
Employee benefits and compensation are competitive and cost-effective.			X		
Appropriate segregation of duties is maintained related to the payroll function.			X		
Employees are enrolled in eligible benefits and eligibility records are maintained.			X		ADP Electronic Benefit Management System
Personnel are correctly classified, and all payroll laws and regulations are followed.			X		On-going
Succession planning is sufficiently supported and implemented across the Agency.			X		Through performance evaluation process.
External legal compliance reviews are conducted as deemed necessary by the CEO and/or General Counsel.			X		

Are there any concerns related to human resources risk management which should be brought to the attention of the CEO as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to human resources risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of human resources risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact human resources risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

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Liyuan Woerner
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12/30/2019

Risk Management Reviewer **Date**

DocuSigned by:
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1/2/2020

Responsible Manager Signature **Date**

DocuSigned by:
Rich Popp
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1/2/2020

Risk Director Signature **Date**

DocuSigned by:
Jacob Williams
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1/2/2020

Responsible Executive Officer Signature **Date**

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executives and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: November, 2018 to October, 2019

Responsible Manager(s): Luis Cruz, IT Manager

Policy Compliance: Indicate whether the following items required in the Information Technology Risk Management Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
IT Manager caused procedures to be established. (Section 3.0)	X		All procedures are on IT SharePoint site .
ITSC maintained list of current applications/systems owners. (Section 4.1)	X		On SharePoint
IT Manager logged reported security breaches and provided monthly report to Agency Risk Manager. (Section 4.1.1)	X		No issues to report
All ITSC recommendations were approved by General Manager prior to implementation. (Section 4.2)	X		No action items
Minimum standards for restoration times and off-site data storage were followed. (Section 4.3)	X		Monthly vendor support
Server rooms met minimum safeguards against unauthorized access. (Section 4.4.1)	X		Only IT and Facility Dept have access
Password strength for systems and applications was set per the assigned risk level. (Section 4.4.2)	X		
Inactivity periods were enforced. (Section4.4.2)	X		
User access changes followed ITSC procedures. (Section 4.4.2)	X		
Manager owners performed annual user access reviews. (Section 4.4.2)	X		Send annually
Anti-virus software was maintained per policy requirements. (Section 4.4.3)	X		

Policy Compliance continued:			
REQUIREMENT	**YES**	**NO**	**EXPLANATION**
Market review of anti-virus software conducted every three years. (Section 4.4.3)	X		IT reviewed in 2018
IT Manager maintained and reviewed the firewall rule set per policy requirements. (Section 4.4.4)	X		Stored in SharePoint
FMPA maintained a test environment. (Section 4.4.5)	X		
IT Manager ensured logging and maintained logs per policy requirements. (Section 4.4.6)	X		Splunk is the software application
User training program was completed per policy requirements. (Section 5.3)	X		Phishing password, access, etc.
IT staff completed a minimum of 8 hours of education. (Section 5.4)	X		SharePoint training reports or with HR
IT Manager gave annual report to ITSC.(Section 6.1)	X		September 2019 presented
IT Manager presented annual report to the FC (Section 6.2)		X	Detailed IT report presented to the Board in September

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.

OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Internal controls in place to secure IT assets from theft, fraud, damage, or breach of integrity.			X		
Custodians are responsible for IT assets under their control.			X		
Security breaches are reported to Risk Manager.			X		
All staff comply with copyright laws, contracts, and software licenses.			X		
Appropriate segregation of duties is maintained within the IT Department.			X		

Are there any concerns related to information technology risk management which should be brought to the attention of the General Manager as part of this review? Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to information technology risk management which require immediate attention? Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of information technology risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	Regular communication with staff, budget requests met, and trainings provided.

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact information technology risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

DocuSigned by:
Liyuan Woerner
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Risk Management Reviewer

1/2/2020

Date

DocuSigned by:
Luis Cruz
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Responsible Manager Signature

1/3/2020

Date

DocuSigned by:
Rich Popp
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Risk Director Signature

1/2/2020

Date

DocuSigned by:
Carol Chinn
0A64164C3D544E7...

Responsible Executive Officer Signature

1/2/2020

Date

This Policy compliance review is conducted by the Internal Audit Department (IAD) to assess the status of risk management practices for the time period noted below. The Internal Audit Department completes this form and submits to responsible manager(s) for additional information and comment. Documentation or attestation of compliance may be required during this review. The final form is submitted to the appropriate Executive and the CEO prior to being presented to the Finance Committee (FC) as an information item.

Review period: January 2019 to December 2019
Responsible Manager(s): Rich Popp, Treasurer and Risk Director

Policy Compliance: Indicate whether the following items required in the Insurance Program Policy were completed during the review period.

REQUIREMENT	YES	NO	EXPLANATION
Deviations from Policy reported to the FC within 5 business days. (Section 2.1)	X		None during period
Treasurer and Risk Director caused Insurance procedures to be created. (Section 3.0)	X		Insurance renewal procedures updated during review period. Document Path P:\Risk Management\General Risk Dept info\Risk Dept procedures\
Treasurer and Risk Director caused an Annual review of areas of potential exposure to be completed. (Section 4.1)	X		See explanation above. Cyber insurance was added this review period.
Treasurer and Risk Director caused activities to be conducted to increase risk awareness of division and department heads. (Section 4.2)	X		Meetings between Rich Popp and managers from various departments were held during the year to assess any new areas of potential exposure.
Systematic reviews of identified exposures were completed. (Section 4.3)	X		See explanation above.
Contracts over $10,000,000 reviewed by RMD to identify and reduce contract liability. (Section 4.4)	X		N/A – no contracts over $10M threshold were entered during review period.
Competitive selection of brokerage services completed every 5 years. (Section 5.1)	X		Not due until 2020
Treasurer and Risk Director developed and implemented procedures for reporting and handling of accidents and losses. (Section 5.2)	X		None this year New Agency injury employee procedures were approved for FY 2020.
Treasurer and Risk Director and appropriate staff completed 8 hours CPE in risk management. (Section 5.3)	X		
Risk Manager presented annual report on insurance program to FC before January 31. (Section 6.0)	X		Presented at the January 2019 FC meeting

Internal Control Assessment: Evaluate the effectiveness of the current process in achieving the following control objectives. Use a scale of 1 to 4 as defined on attached page.					
OBJECTIVE	**1**	**2**	**3**	**4**	**EXPLANATION**
Controls are in place to identify and assess risks related to potential exposures to loss.			X		
A complete list of insurance carriers and policies is maintained.			X		
Insurance policies are annually reviewed for appropriate coverage and premiums.			X		
Incidents and claims are recorded, and remedial action taken as necessary.			X		
Documentation of decisions to self-insure or otherwise mitigate risk through non-insurance means is maintained.			X		Self-insurance levels set at provider minimum retention points.

Are there any concerns related to insurance program risk management which should be brought to the attention of the CEO as part of this review?
Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to insurance program risk management which require immediate attention?
Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Rate the overall functioning of insurance program risk management practices using a scale of 1 to 4 as defined on attached page.

1	2	3	4	EXPLANATION
☐	☐	☒	☐	

Additional comments from responsible Manager(s):
Are there any emerging risks or environmental changes which impact insurance program risk management?
Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

DocuSigned by:
Liyuan Woerner
Risk Management Reviewer

1/3/2020
Date

DocuSigned by:
Rich Popp
Responsible Manager Signature

1/3/2020
Date

DocuSigned by:
Linda Howard
Responsible Executive Officer Signature

1/3/2020
Date

Rating scale for Policy compliance reviews:

1 = Risk management practices not in place.

2 = Risk management practices in place are not effective in meeting Policy requirements.

3 = Risk management practices in place meet Policy requirements.

4 = Risk management practices in place exceed Policy requirements.

Standard of compliance:

Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

AGENDA ITEM 10 – REPORTS

c. FGU November Storage Report

Finance Committee Meeting
January 15, 2020

FMPA Storage Management Report

Florida Gas Utility

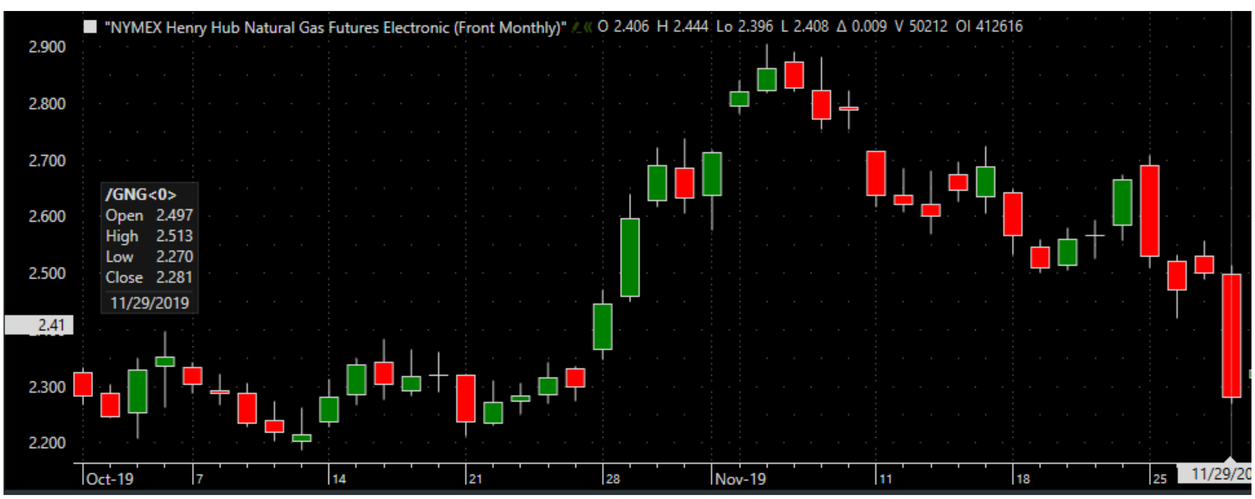
November 2019

Executive Summary – November 2019 Activity

During November 2019, FGU conducted no physical gas withdrawals, but did make 59,100 Dths of injections into storage for the month. During the first half of the month, cash market gas prices at FGT Zone 3 were in-line with the December 2019 NYMEX contract. FGU's injection opportunity occurred during the Thanksgiving holiday trading period as mild weather and reduced load combined to depress cash market gas prices relative to the NYMEX futures prices. FGU took advantage of the lower priced supply to inject into storage for the four-day trading period, generating approximately $0.15/Dth in projected margin for the injected quantity.

FMPA's optimized storage position, as of November 30, 2019 is long 468,398 Dths of storage inventory (94% full) and short a total of 470,00 Dths of financial hedges (short 285,000 Dths of January 2020 futures, and short 185,000 Dths of February 2020 futures). These financial positions are housed in FGU's clearing account with Rosenthal Collins Group (RCG) with associated margining requirements. FMPA's net optimized storage position increased in value by $40,884 during the month of November 2019, due primarily to the timely injections, and the seasonal benefit of the lower cost summer injections beginning to be valued at the higher winter month prices, relative to the hedged positions.

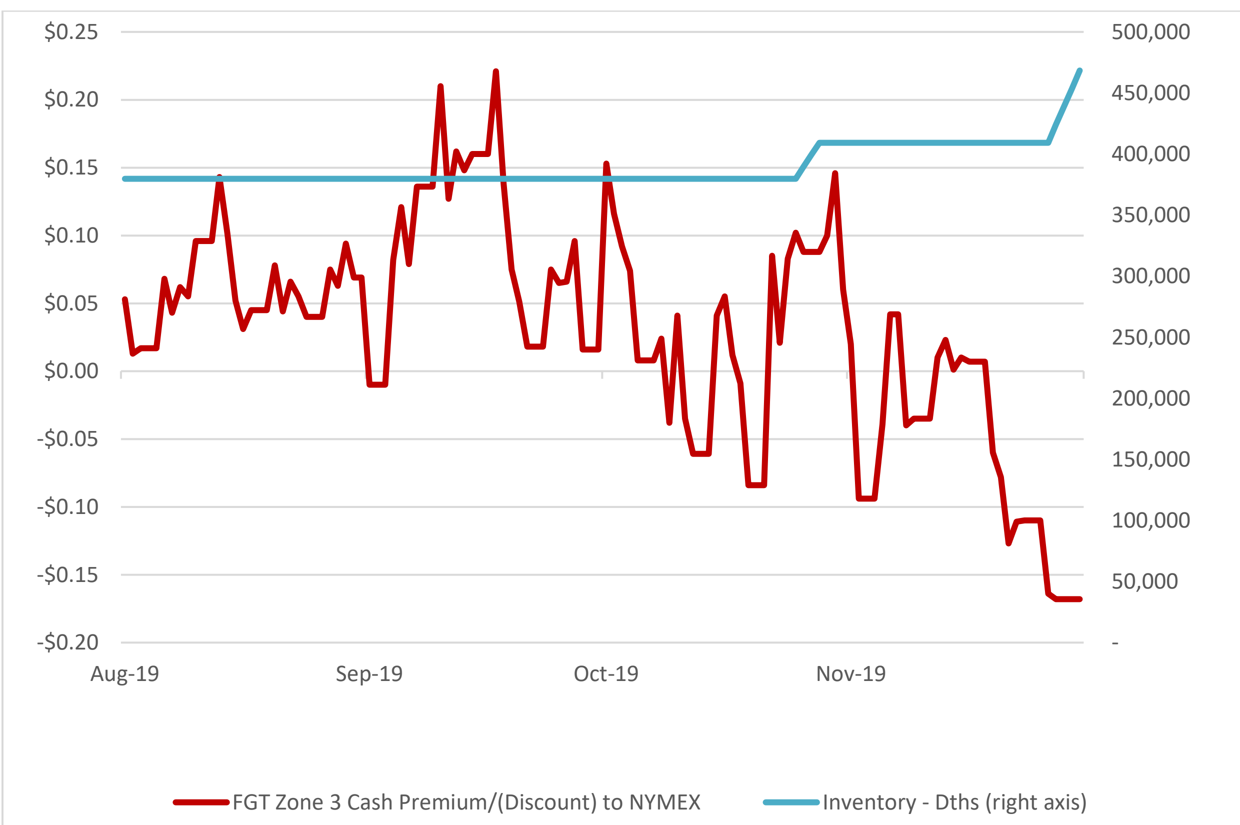
In response to strengthening of the December 2019 NYMEX futures contract relative to the February 2020 NYMEX contract, FGU moved a portion of its short hedge positions (37,500 Dths) from February to December. The narrowing of this price spread was primarily driven by cold weather in late October and early November and stronger gas prices overall. After peaking at $2.90/Dth during the first week of November, the December 2019 NYMEX contract declined to around $2.50/Dth ahead of Thanksgiving. However, in light trading on the Friday following Thanksgiving, the prompt NYMEX contract dropped below $2.30/Dth to end the month at $2.281/Dth. Below is a chart of the NYMEX prompt-month futures contract during October and November 2019.



As we move closer to the heart of winter, FGU will turn its attention to storage withdrawal opportunities and intramonth daily hedge strategies to ensure that the winter price premium value is captured for FMPA's benefit. Withdrawals are likely to occur when extreme cold drives cash market prices to a sizable premium over the futures market, which can occur even if such weather does not reach peninsular Florida.

FGT Zone 3 Cash Market vs NYMEX Prompt-Month Futures

Cash Market Spread to NYMEX Prompt-Month vs FMPA Storage Inventory Level



Summary of Existing Physical Inventory Position (11/30/2019)

Total Inventory Volume	Total Inventory Cost	Inventory WACOG	Market Value	Marked to Market	Unrealized Gain/(Loss)
468,398	$1,185,946	$2.53	$2.28	$1,068,416	($117,530)

Summary of Existing Financial and Forward Physical Risk Management Positions (11/30/2019)

Delivery Month	Net Position	Realized Gain/(Loss) to Date	Open Equity	Total Value
Oct-19	0	($49,203)	$0	($49,203)
Nov-19	0	$8,168	$0	$8,168
Dec-19	0	$17,680	$0	$17,680
Jan-20	(285,000)	$0	$92,698	$92,698
Feb-20	(185,000)	$24,600	$89,698	$115,298
Mar-20	0	$0	$0	$0
Apr-20	0	$0	$0	$0
May-20	0	$0	$0	$0
Jun-20	0	$0	$0	$0
Jul-20	0	$0	$0	$0
Aug-20	0	$0	$0	$0
Sep-20	0	$0	$0	$0
Oct-20	0	$0	$0	$0
Nov-20	0	$0	$0	$0
Dec-20	0	$0	$0	$0
Jan-21	0	$0	$0	$0
Feb-21	0	$0	$0	$0
Mar-21	0	$0	$0	$0
Apr-21	0	$0	$0	$0

Summary of Historical Value - Physical and Financial (December 2009 through November 2019)

Optimization Activity	Net Position (Dths)	Total Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Storage Net Benefit
Current Physical/Financial Positions (11/30/2019)	-1,602	$2,775,150	$64,865	$2,840,015
Fees & Commissions		($49,866)		$2,790,148
NJRES Capacity Release		$477,598		$3,267,746
Sale of Call Options (Jan 2015)		$26,000		$3,293,746

Schedule of FMPA Gas and Cash Flows Related to FGU Storage Services

Month	Actual Injection Cost/ NYMEX Curve (11/30/19)	Actual/ Anticipated Cash Flow ($)	Net Injection Volume (Dths)	Net Withdrawal Volume (Dths)	Running Inventory Balance at End of Month (Dths)	Running Inventory Cost Balance ($)	WACOG ($/Dth)
Jun-19	**$2.35**	**$86,815**	**36,927**	**0**	**291,191**	**$777,937**	**$2.672**
Jul-19	**$2.30**	**$204,119**	**88,557**	**0**	**379,748**	**$982,056**	**$2.586**
Aug-19	**$0.00**	**$0**	**0**	**0**	**379,748**	**$982,056**	**$2.586**
Sep-19	**$0.00**	**$0**	**0**	**0**	**379,748**	**$982,056**	**$2.586**
Oct-19	**$2.21**	**$65,387**	**29,550**	**0**	**409,298**	**$1,047,443**	**$2.559**
Nov-19	**$2.34**	**$138,503**	**59,100**	**0**	**468,398**	**$1,185,946**	**$2.532**
Dec-19	*$2.47*	*$0*	*0*	*0*	*468,398*	*$1,185,946*	*$2.532*
Jan-20	*$2.28*	*($443,086)*	*0*	*175,000*	*293,398*	*$742,860*	*$2.532*
Feb-20	*$2.26*	*($569,682)*	*0*	*225,000*	*68,398*	*$173,178*	*$2.532*
Mar-20	*$2.20*	*$0*	*0*	*0*	*68,398*	*$173,178*	*$2.532*
Apr-20	*$2.14*	*$0*	*0*	*0*	*68,398*	*$173,178*	*$2.532*
May-20	*$2.15*	*$472,560*	*220,000*	*0*	*288,398*	*$645,738*	*$2.239*
Jun-20	*$2.19*	*$0*	*0*	*0*	*288,398*	*$645,738*	*$2.239*
Jul-20	*$2.25*	*$0*	*0*	*0*	*288,398*	*$645,738*	*$2.239*
Aug-20	*$2.27*	*$90,720*	*40,000*	*0*	*328,398*	*$736,458*	*$2.243*
Sep-20	*$2.26*	*$237,195*	*105,000*	*0*	*433,398*	*$973,653*	*$2.247*
Oct-20	*$2.29*	*$114,450*	*50,000*	*0*	*483,398*	*$1,088,103*	*$2.251*
Nov-20	*$2.37*	*$0*	*0*	*0*	*483,398*	*$1,088,103*	*$2.251*
Dec-20	*$2.56*	*$0*	*0*	*0*	*483,398*	*$1,088,103*	*$2.251*
Jan-21	*$2.69*	*($562,737)*	*0*	*250,000*	*233,398*	*$525,366*	*$2.251*
Feb-21	*$2.65*	*($393,916)*	*0*	*175,000*	*58,398*	*$131,451*	*$2.251*
Mar-21	*$2.52*	*$0*	*0*	*0*	*58,398*	*$131,451*	*$2.251*
Apr-21	*$2.27*	*$0*	*0*	*0*	*58,398*	*$131,451*	*$2.251*
May-21	*$2.25*	*$494,340*	*220,000*	*0*	*278,398*	*$625,791*	*$2.248*
Jun-21	*$2.28*	*$0*	*0*	*0*	*278,398*	*$625,791*	*$2.248*
Jul-21	*$2.32*	*$0*	*0*	*0*	*278,398*	*$625,791*	*$2.248*
Aug-21	*$2.33*	*$116,350*	*50,000*	*0*	*328,398*	*$742,141*	*$2.260*
Sep-21	*$2.32*	*$243,075*	*105,000*	*0*	*433,398*	*$985,216*	*$2.273*
Oct-21	*$2.34*	*$93,640*	*40,000*	*0*	*473,398*	*$1,078,856*	*$2.279*
Nov-21	*$2.41*	*$0*	*0*	*0*	*473,398*	*$1,078,856*	*$2.279*

Winter months

Bold = actual data

- Negative values reflect withdrawals of storage gas that have already been paid for.
- Positive values reflect charges to FMPA for gas purchases to be injected into storage.
- Months above reflect the period of storage activity and the actual charge/credit from FGU would occur the following month.

FMPA Storage Management Report

Florida Gas Utility

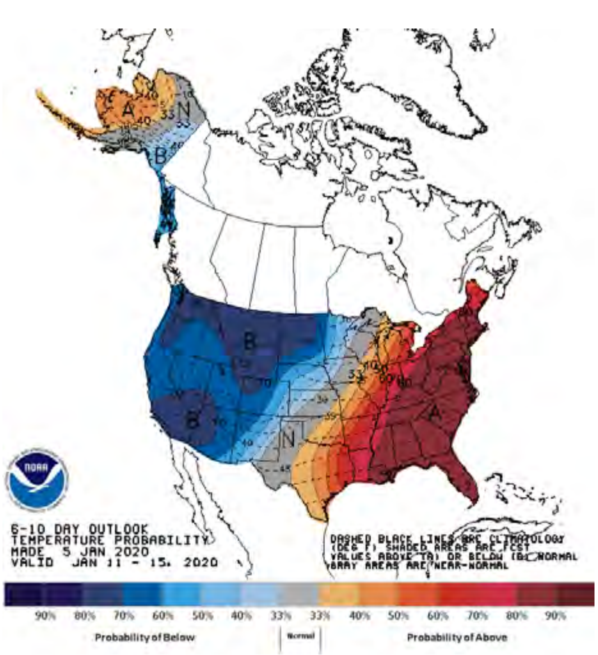
December 2019

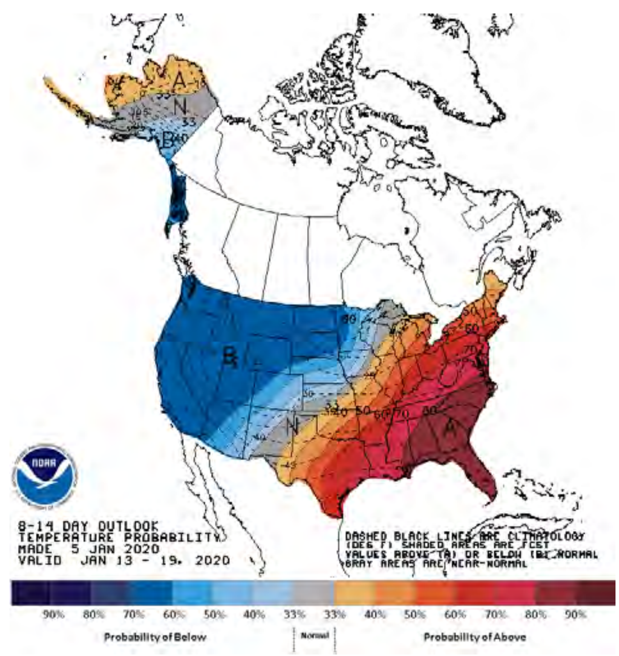
Executive Summary – December 2019 Activity

During December 2019, FGU conducted no physical gas withdrawals, but did make 29,550 Dths of injections into storage for the month. Cash market gas prices at FGT Zone 3 traded below the prompt month January 2020 NYMEX contract throughout the month due to mild weather over much of the country. FGU's injection opportunities occurred during the weekends of 12/7 – 12/8/19 and 12/28 – 12/29/19. The first weekend offered a projected net benefit of $0.13/Dth on the injected quantities while the end of month weekend presented a more lucrative $0.33/Dth projected net benefit on the injected quantities.

FMPA's optimized storage position, as of December 31, 2019, is long 497,948 Dths of storage inventory (99% full) and short a total of 497,500 Dths of financial hedges (all February 2020 futures). These financial positions are housed in FGU's clearing account with Rosenthal Collins Group (RCG) with associated margining requirements. Despite the timely injections, which produced approximately $7,000 in estimated value, FMPA's overall net optimized storage position decreased in value by $17,161 during the month of December 2019. This decrease was caused by the extreme sell-off of the prompt January 2020 NYMEX contract on its final expiration day. This contract, which drives the value of the physical storage inventory, fell $0.07/Dth more than the February 2020 NYMEX contract where FGU held the storage hedge positions (the previously held January 2020 hedge contracts had already been moved into February contracts prior to Christmas). This $0.07/Dth change in the relative value of the contracts on expiration, when applied to the full inventory, caused a decrease of approximately $35,000 in the storage portfolio.

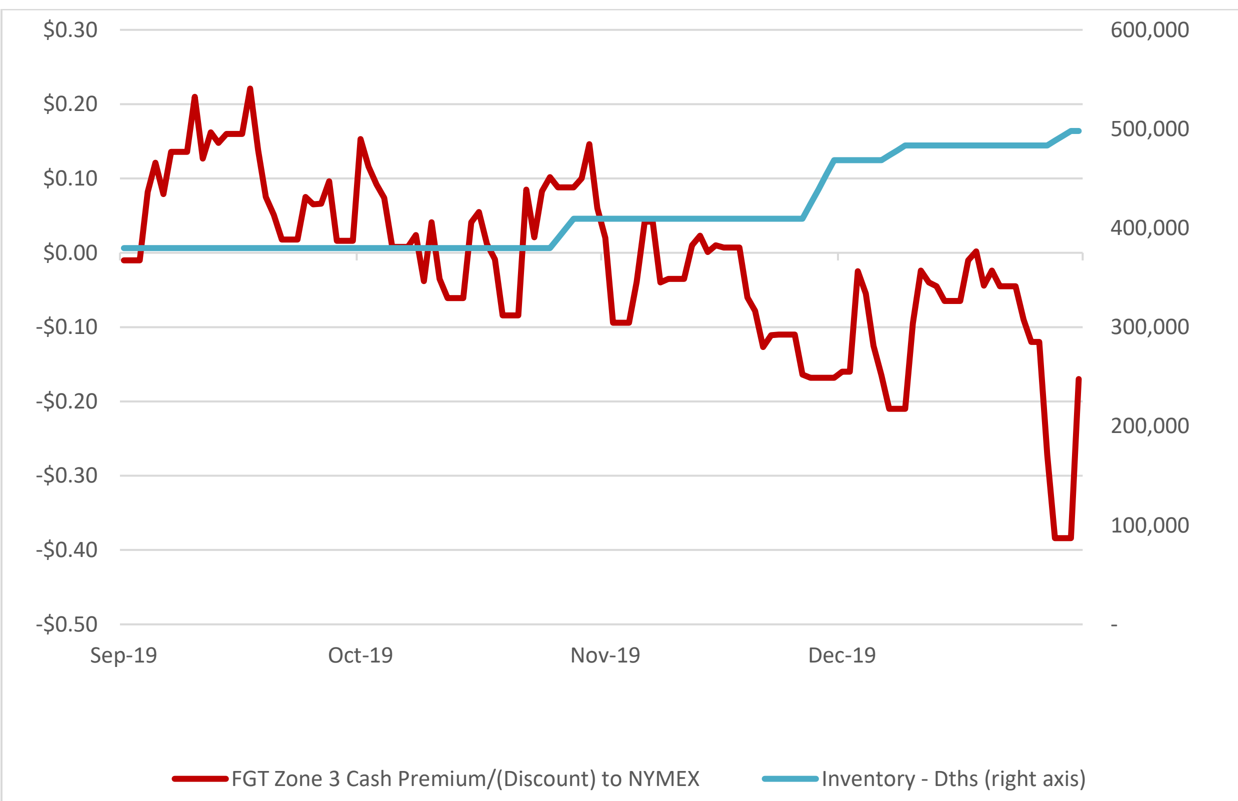
This price movement was driven by short-term weather forecasts continuing to call for mild temperatures for the eastern, heavy gas-consuming portion of the United States (see weather outlook maps below). Based on the weather forecasts and the ample storage inventories, storage withdrawal opportunities for the remainder of the winter may be infrequent, and the economic benefit will likely be muted when they do occur. As such, FGU's storage cash flow projection is considering a lower than normal withdrawal quantity over the remaining three months of the winter period.





FGT Zone 3 Cash Market vs NYMEX Prompt-Month Futures

Cash Market Spread to NYMEX Prompt-Month vs FMPA Storage Inventory Level



Summary of Existing Physical Inventory Position (12/31/2019)

Total Inventory Volume	Total Inventory Cost	Inventory WACOG	Market Value	Marked to Market	Unrealized Gain/(Loss)
497,948	$1,245,710	$2.50	$2.19	$1,090,008	($155,702)

Summary of Existing Financial and Forward Physical Risk Management Positions (12/31/2019)

Delivery Month	Net Position	Realized Gain/(Loss) to Date	Open Equity	Total Value
Nov-19	0	$8,168	$0	$8,168
Dec-19	0	$17,680	$0	$17,680
Jan-20	0	$96,755	$0	$96,755
Feb-20	(497,500)	$24,600	$107,653	$132,253
Mar-20	0	$0	$0	$0
Apr-20	0	$0	$0	$0
May-20	0	$0	$0	$0
Jun-20	0	$0	$0	$0
Jul-20	0	$0	$0	$0
Aug-20	0	$0	$0	$0
Sep-20	0	$0	$0	$0
Oct-20	0	$0	$0	$0
Nov-20	0	$0	$0	$0
Dec-20	0	$0	$0	$0
Jan-21	0	$0	$0	$0
Feb-21	0	$0	$0	$0
Mar-21	0	$0	$0	$0
Apr-21	0	$0	$0	$0

Summary of Historical Value - Physical and Financial (December 2009 through December 2019)

Optimization Activity	Net Position (Dths)	Total Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Storage Net Benefit
Current Physical/Financial Positions (12/31/2019)	448	$2,871,905	($48,049)	$2,823,856
Fees & Commissions		($50,868)		$2,772,987
NJRES Capacity Release		$477,598		$3,250,585
Sale of Call Options (Jan 2015)		$26,000		$3,276,585

Schedule of FMPA Gas and Cash Flows Related to FGU Storage Services

Month	Actual Injection Cost/ NYMEX Curve (12/31/19)	Actual/ Anticipated Cash Flow ($)	Net Injection Volume (Dths)	Net Withdrawal Volume (Dths)	Running Inventory Balance at End of Month (Dths)	Running Inventory Cost Balance ($)	WACOG ($/Dth)
Oct-19	**$2.21**	**$65,387**	**29,550**	**0**	**409,298**	**$1,047,443**	**$2.559**
Nov-19	**$2.34**	**$138,503**	**59,100**	**0**	**468,398**	**$1,185,946**	**$2.532**
Dec-19	**$2.02**	**$59,764**	**29,550**	**0**	**497,948**	**$1,245,710**	**$2.502**
Jan-20	*$2.16*	*($125,084)*	*0*	*50,000*	*447,948*	*$1,120,626*	*$2.502*
Feb-20	*$2.19*	*($500,337)*	*0*	*200,000*	*247,948*	*$620,288*	*$2.502*
Mar-20	*$2.16*	*($312,711)*	*0*	*125,000*	*122,948*	*$307,577*	*$2.502*
Apr-20	*$2.15*	*$236,390*	*110,000*	*0*	*232,948*	*$543,967*	*$2.335*
May-20	*$2.19*	*$240,680*	*110,000*	*0*	*342,948*	*$784,647*	*$2.288*
Jun-20	*$2.25*	*$0*	*0*	*0*	*342,948*	*$784,647*	*$2.288*
Jul-20	*$2.30*	*$0*	*0*	*0*	*342,948*	*$784,647*	*$2.288*
Aug-20	*$2.32*	*$46,380*	*20,000*	*0*	*362,948*	*$831,027*	*$2.290*
Sep-20	*$2.31*	*$242,655*	*105,000*	*0*	*467,948*	*$1,073,682*	*$2.294*
Oct-20	*$2.35*	*$58,650*	*25,000*	*0*	*492,948*	*$1,132,332*	*$2.297*
Nov-20	*$2.43*	*$0*	*0*	*0*	*492,948*	*$1,132,332*	*$2.297*
Dec-20	*$2.60*	*$0*	*0*	*0*	*492,948*	*$1,132,332*	*$2.297*
Jan-21	*$2.72*	*($574,266)*	*0*	*250,000*	*242,948*	*$558,067*	*$2.297*
Feb-21	*$2.67*	*($401,986)*	*0*	*175,000*	*67,948*	*$156,081*	*$2.297*
Mar-21	*$2.55*	*$0*	*0*	*0*	*67,948*	*$156,081*	*$2.297*
Apr-21	*$2.29*	*$0*	*0*	*0*	*67,948*	*$156,081*	*$2.297*
May-21	*$2.26*	*$498,080*	*220,000*	*0*	*287,948*	*$654,161*	*$2.272*
Jun-21	*$2.29*	*$0*	*0*	*0*	*287,948*	*$654,161*	*$2.272*
Jul-21	*$2.33*	*$0*	*0*	*0*	*287,948*	*$654,161*	*$2.272*
Aug-21	*$2.33*	*$116,500*	*50,000*	*0*	*337,948*	*$770,661*	*$2.280*
Sep-21	*$2.32*	*$243,285*	*105,000*	*0*	*442,948*	*$1,013,946*	*$2.289*
Oct-21	*$2.34*	*$117,050*	*50,000*	*0*	*492,948*	*$1,130,996*	*$2.294*
Nov-21	*$2.41*	*$0*	*0*	*0*	*492,948*	*$1,130,996*	*$2.294*
Dec-21	*$2.58*	*$0*	*0*		*492,948*	*$1,130,996*	*$2.294*

Winter months

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AGENDA ITEM 11 – COMMENTS

Finance Committee Meeting
January 15, 2020

AGENDA ITEM 12 – ADJOURNMENT

Finance Committee Meeting
January 15, 2020