



## **ARP EXECUTIVE COMMITTEE AGENDA PACKAGE**

**May 21, 2020**

**9:15 a.m. [NOTE TIME] (or immediately  
following the Board of Directors Meeting)**

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

**Meeting Number 851 068 231#**

**Meeting Password: 8553**

### **Committee Members**

Howard McKinnon, Havana - Chairman

Lynne Tejeda, Key West – Vice Chairwoman

Jody Young, Bushnell

Lynne Mila, Clewiston

Fred Hilliard, Fort Meade

Paul Jakubczak, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee

Brad Chase, Leesburg

Bill Conrad, Newberry

Mike Poucher, Ocala

Robert Milner, Starke

### **Meeting Location**

**Florida Municipal Power Agency**

**8553 Commodity Circle**

**Orlando, FL 32819**

**(407) 355-7767**



# MEMORANDUM

TO: FMPA Executive Committee  
 FROM: Jacob A. Williams, General Manager and CEO  
 DATE: May 12, 2020  
 RE: FMPA Telephonic Executive Committee Meeting  
**Thursday, May 21, 2020 at 9:15 a.m. [NOTE TIME]**  
 (or immediately following the Board of Directors meeting)  
 PLACE: Via Telephone at Florida Municipal Power Agency  
 8553 Commodity Circle, Orlando, FL 32819  
 Fredrick M. Bryant Board Room

**DIAL-IN: (877) 668-4493 or 650-479-3208, Meeting Number 851 068 231#  
 PASSWORD 8553#**

**(If you have trouble connecting via phone or internet, call 407-355-7767)**

Chairman Howard McKinnon, Presiding

## AGENDA

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**\*Item also on the Board of Directors Agenda.**

**\*\* Item(s) Subject to Super Majority Vote**

The participants in the above referenced public meeting will conduct the public meeting by telephone, via a telephone conference hookup. There will be a speaker telephone made available for any interested person to attend this public meeting and be fully informed of the discussions taking place by telephone conference hookup at FMPA’s headquarters, located at 8553 Commodity Circle, Orlando, Florida 32819-9002. 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. Any interested person may contact FMPA for more information on this public meeting by calling (850) 297-2011 or (877) 297-2012 or writing to: Open Government Law Compliance Coordinator, Florida Municipal Power Agency, 2061-2 Delta Way, Post Office Box 3209, Tallahassee, Florida 32315-3209.

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

**Executive Committee  
May 21, 2020**

**AGENDA ITEM 2 – SET AGENDA (By Vote)**

**Executive Committee  
May 21, 2020**

**AGENDA ITEM 3 – RECOGNITION OF  
GUESTS**

**Executive Committee  
May 21, 2020**

**AGENDA ITEM 4 –PUBLIC COMMENTS  
(INDIVIDUAL COMMENTS TO BE LIMITED  
TO 3 MINUTES)**

**Executive Committee  
May 21, 2020**

# **VERBAL REPORT**

**AGENDA ITEM 5 – COMMENTS FROM THE  
CHAIRMAN**

**Executive Committee  
May 21, 2020**



# **VERBAL REPORT**

**AGENDA ITEM 6 – REPORT FROM THE  
GENERAL MANAGER**

**Executive Committee  
May 21, 2020**

**AGENDA ITEM 7 – CONSENT AGENDA**

- a) Approval of Meeting Minutes – Meeting Held April 16, 2020 and ARP Telephonic Rate Workshops Help April 14, 2020**

**Executive Committee  
May 21, 2020**

CLERKS DULY NOTIFIED ..... APRIL 7, 2020  
AGENDA PACKAGES POSTED ..... APRIL 7, 2020

**MINUTES**  
**TELEPHONIC EXECUTIVE COMMITTEE MEETING**  
**THURSDAY, APRIL 16, 2020**  
**FLORIDA MUNICIPAL POWER AGENCY**  
**8553 COMMODITY CIRCLE**  
**ORLANDO, FL 32819**

**PARTICIPANTS** Jody Young, Bushnell  
**PRESENT:** Lynne Mila, Clewiston  
**VIA** Jan Bagnall, Fort Meade \*  
**TELEPHONE** Paul Jakubczak, Fort Pierce  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach  
Lynne Tejeda, Key West  
Larry Mattern, Kissimmee  
Brad Chase, Leesburg  
Bill Conrad, Newberry  
Eric Weaver, Ocala  
John Holman, Starke

\*arrived after roll call

**OTHERS** John Tompeck, Fort Pierce  
**PRESENT** Barbara Quiñones, Homestead  
**VIA** Jim Williams, Leesburg  
**TELEPHONE** Claston Sunanon, Orlando  
Craig Dunlap, Dunlap & Associates, Inc.  
Yvette Sanchez, Power Engineers  
Rafael Couret, Power Engineers

**STAFF** Jacob Williams, General Manager and CEO  
**PRESENT** Jody Finklea, Deputy General Counsel (via telephone)  
Ken Rutter, Chief Operating Officer  
Linda Howard, Chief Financial Officer (via telephone)  
Carol Chinn, Chief Information and Compliance Officer (via  
telephone)  
Mike McCleary, Manager of Member Services Development  
Chris Gowder, Business Development and System Operations  
Director (via telephone)  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Dan O'Hagan, Assistant General Counsel  
Rich Popp, Treasurer and Risk Director  
Mark McCain, Assistant General Manager, Member Services

and Public Relations  
Sharon Adams, Human Resources Director  
Sue Utley, Executive Asst. /Asst. Secy. to the Board  
Susan Schumann, Manager of External Affairs and Solar Projects  
David Schumann, Power Generation Fleet Director  
Luis Cruz, IT Manager  
Isabel Montoya, IT Specialist

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

Chairman Howard McKinnon, Havana, called the FMPA Executive Committee meeting to order at 11:05 a.m. Thursday, April 16, 2020 via telephone with staff present in the Frederick M. Bryant Board Room at Florida Municipal Power Agency 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 13 members present out of a possible 13.

**ITEM 2 – SET AGENDA (BY VOTE)**

**MOTION:** Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Paul Jakubczak, Fort Pierce, seconded the motion. Motion carried 13 – 0.

**ITEM 3 – RECOGNITION OF GUESTS**

None

**ITEM 4 – PUBLIC COMMENTS**

None

**ITEM 5 – COMMENTS FROM THE CHAIRMAN**

Chairwoman Quiñones said it was good to hear everyone's voices.

**ITEM 6 – REPORT FROM GENERAL MANAGER**

None

## **ITEM 7 – CONSENT AGENDA**

**Item 7a – Approval of Meeting Minutes – Held February 13, 2020 and March 19, 2020 (meeting not held) ARP Telephonic Rate Workshops Held February 11, 2020 and March 11, 2020**

**Item 7b – Approval of Treasury Reports – As of January 31, 2020 and February 29, 2020**

**Item 7c – Approval of the Agency and All-Requirements Project Financials as of January 31, 2020 and February 29, 2020**

**MOTION:** Larry Mattern, Kissimmee, moved approval of the Consent Agenda as presented. John Holman, Starke, seconded the motion. Motion carried 13 – 0.

## **ITEM 8 – ACTION ITEMS**

**a. Approval of Extension of the FGT Gas Transportation Capacity Serving Cane Island**

Ken Rutter presented the extension of the FGT gas transportation capacity serving Cane Island.

**MOTION:** Allen Putnam, Jacksonville Beach, moved approval of renewing, for ten-year terms, two FGT gas transportation contracts serving Cane Island Power Park and authorize the General Manager and CEO to execute agreements K#3618 and K#5934. Lynne Tejada, Key West, seconded the motion. Motion carried 13 – 0.

## **ITEM 9 – INFORMATION ITEMS:**

**Item 9a – Development Fund Interest for Solar Project**

This item was presented in the Board meeting. There was no further discussion.

**Item 9b – TEA Resource Management Agreement**

Ken Rutter reported that FMPA signed an agreement with The Energy Authority (TEA) to provide assistance in optimizing the ARP's mid-term capacity/energy.

**Item 9c – 2020 Emissions Projections**

This item was presented in the Board meeting. There was no further discussion.

**Item 9d – ARP 2020 Ten Year Site Plan**

Navid Nowakhtar reported on the recently filed ARP 2020 Ten Year Site Plan (TYSP).

**Item 9e – Summary of Finance Committee Items**

This item was presented in the Board meeting. There was no further discussion.

**Item 9f – Discuss Budget Increase for nFront Assistance with FPL Transmission Rate Case**

Jason Wolfe reported on the budget increase for nFront Consulting for assistance with the FPL transmission rate case.

**ITEM 10 – MEMBER COMMENTS**

None

**ITEM 11 – Adjournment**

There being no further business, the meeting was adjourned at 11:45 a.m.

\_\_\_\_\_  
Howard McKinnon  
Chairman, Executive Committee

\_\_\_\_\_  
Sue Utley  
Assistant Secretary

Approved: \_\_\_\_\_

Seal

**PUBLIC NOTICE SENT TO CLERKS ..... APRIL 10, 2020**  
**AGENDA PACKAGES SENT TO MEMBERS ..... APRIL 10, 2020**

**MINUTES  
EXECUTIVE COMMITTEE  
ALL-REQUIREMENTS POWER SUPPLY PROJECT  
TELEPHONIC RATE WORKSHOP  
TUESDAY, APRIL 14, 2020  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FLORIDA 32819**

**COMMITTEE MEMBERS PRESENT VIA TELEPHONE**

Lynne Mila, Clewiston  
John Tompeck, Fort Pierce  
Bob Page, Green Cove Springs  
Allen Putnam, Jacksonville Beach  
Lynne Tejada, Key West  
Sabrina Hubbell, Leesburg  
Bill Conrad, Newberry  
Maria Brooke, Ocala

\*arrived after roll call.

**COMMITTEE MEMBERS ABSENT**

Christina Simmons, Bushnell  
Fred Hilliard, Fort Meade  
Howard McKinnon, Havana  
Larry Mattern, Kissimmee  
Bob Milner, Starke

**STAFF PRESENT**

Jacob Williams, General Manager and CEO  
Jody Finklea, General Counsel/Chief Legal Officer  
Linda S. Howard, Chief Financial Officer  
Sue Utley, Executive Assistant to General Manager and CEO / Asst.  
Secy. to the Board  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Steve Ruppel, Financial Planning, Senior Financial Analyst  
Bianca Scott, Human Resources, Administrative Specialist

**Item 1 – Call to Order**

Lynne Tejeda called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, April 14, 2020, via telephone. A speaker telephone for public attendance and participation was located in the Accounting Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

**Item 2 – Information Items**

Steve Ruppel gave a verbal update on the natural gas markets; provided an overview of the March loads and reviewed the March ARP rate calculation.

**Item 3 – Member Comments**

Lynne noted the peak came after the governor’s shelter in place order on March 30, 2020. Jacob noted the residential KWH increased while the commercial decreased.

There being no further business, the meeting was adjourned at 2:09 p.m.

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Approved

AP/su



**AGENDA ITEM 7 – CONSENT AGENDA**

**b) Approval of Treasury Reports as of March  
31, 2020**

**Executive Committee  
May 21, 2020**



## AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee  
FROM: Gloria Reyes  
DATE: May 12, 2020  
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of March 31, 2020

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- Introduction
- This report is a quick summary update on the Treasury Department’s functions.
  - The Treasury Department reports for February are posted in the member portal section of FMPA’s website.
- 

Debt Discussion

The All-Requirements Project has fixed and variable rate debt. The variable rate debt is a line of credit and equals 0.63% of total debt. The fixed rate percentage of total debt is 99.37%. The estimated debt interest funding for fiscal year 2020 as of March 31, 2020 is \$38,747,561.28. The total amount of debt outstanding is \$790,140,000.<sup>1</sup>

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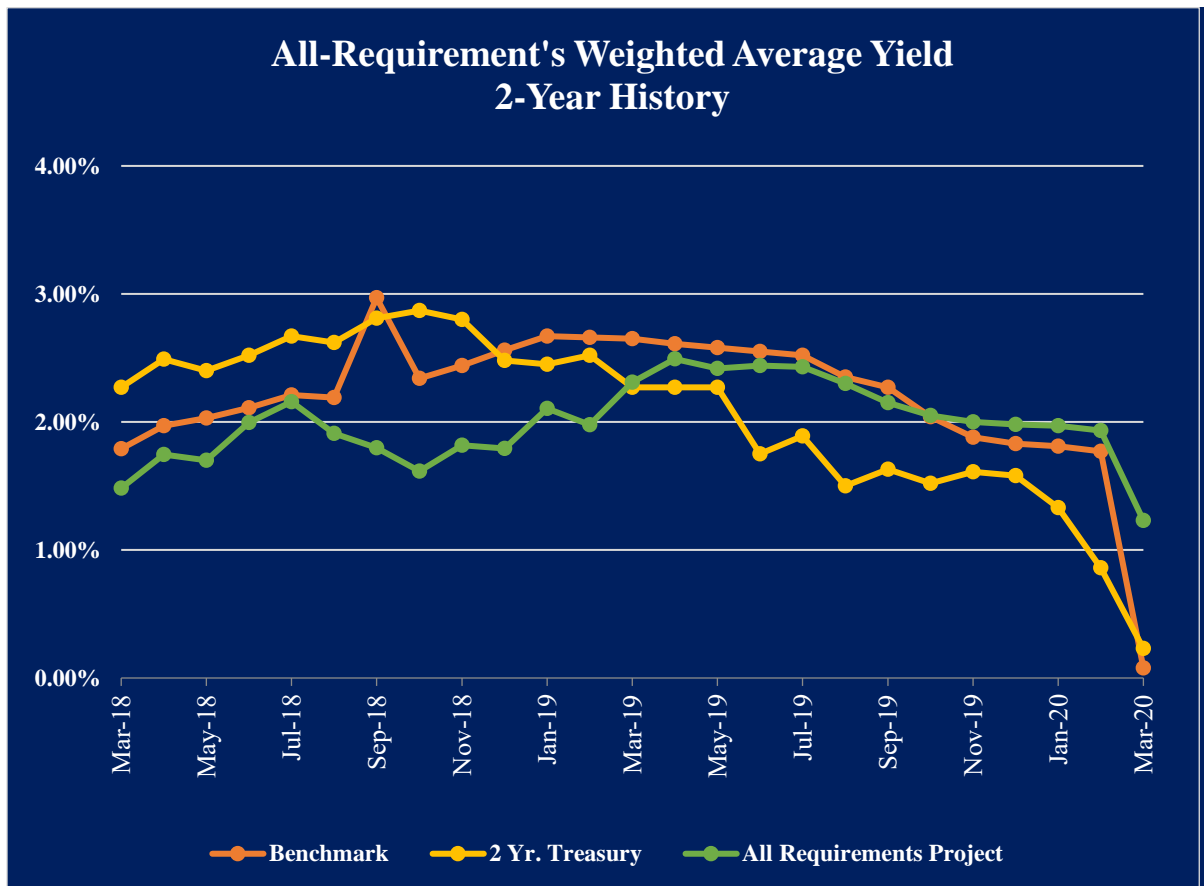
Investment Discussion

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

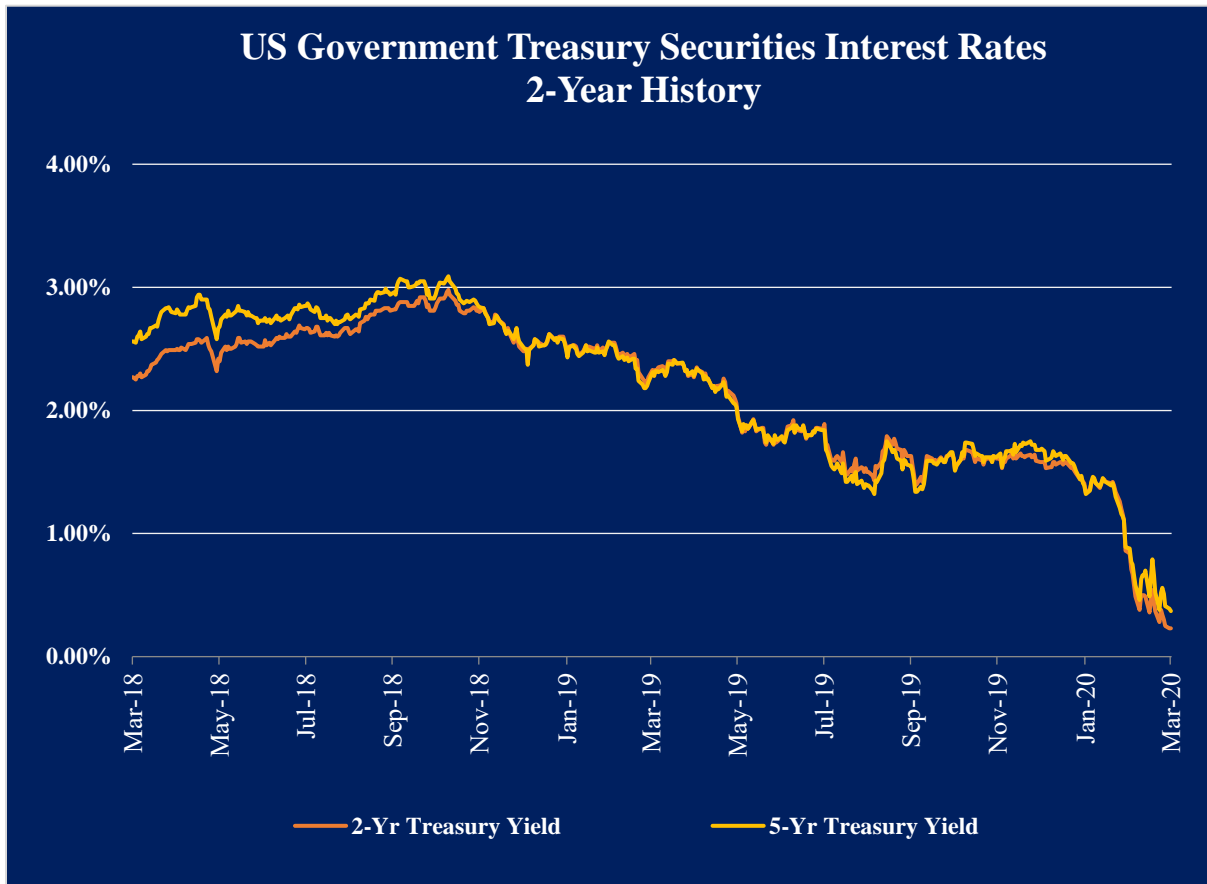
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<sup>1</sup> Although still on deposit, the line of credit draw amount of \$5,000,000 is included in the total amount of debt outstanding.

As of March 31, 2020, the All-Requirements Project investment portfolio earned a weighted average yield of 1.23%, reflecting the All-Requirements Project need for liquidity given its 60-day cash position. The benchmarks (SBA’s Florida Prime Fund and the 2-year US Treasury Note) and the Project’s yields are graphed below:



Below is a graph of US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of February at .23%. The yellow line is the 5-year Treasury which was .37%.



The Investment Report for March is posted in the “Member Portal” section of FMPA’s website.

Recommended  
Motion

Move for approval of the Treasury Reports for March 31, 2020

**AGENDA ITEM 7 – CONSENT AGENDA**

- c) Approval of the Agency and All-Requirements Project Financials as of March 31, 2020**

**Executive Committee  
May 21, 2020**



Linda S. Howard, CPA, CFP  
Chief Financial Officer

## AGENDA PACKAGE MEMORANDUM

**TO:** FMPA Board of Directors & Executive Committee  
**FROM:** Linda Howard  
**DATE:** May 5, 2020  
**ITEM:** 7c – Approval of Projects’ Financials as of March 31, 2020

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**Discussion:** The summary financial statements and detailed financial statements of the Projects for the period ended March 31, 2020 are posted on the Document Portal section of FMPA’s website.

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**Recommended:** Move approval of the Projects’ Financial Reports for the month ended March 31, 2020.

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LH/GF

**AGENDA ITEM 8 – ACTION ITEMS**

- a) Approval of Budget Increase for nFront Assistance with FPL Transmission Rate Case**

**Executive Committee  
May 21, 2020**



# **EC 8a – Approval of Budget Increase for nFront Assistance with FPL Transmission Rate Case**

FMIPA Executive Committee

May 12, 2020



# Budget Increase Requested for nFront Assistance with FPL Transmission Formula Rate Case

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- nFront has notified us that they need a budget increase for continued support with the FPL transmission formula rate case
- Current spending limit of \$200k reached in March
- Any increase beyond the current budget must be approved by the EC
- Staff is requesting a budget increase of \$125k
- Depending on the time and effort to resolve the case, additional increases may be necessary in the future

# Reasons for Additional Funds Needed

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- Discovery process has been extensive, resulting in over 300 data request questions amongst the intervenors and time needed to review responses
- Participation in extensive technical conferences with intervenors, FERC staff, and FPL
- Extensive technical analyses needed to develop settlement positions
- Some issues included in settlement process that were not originally contemplated as part of this proceeding
  - FPL loss factor
  - NextEra acquisition of Gulf Power and FPL's announced plans to merge with Gulf
- Initial budget was set at GM spending limit, but expectation was additional funds may eventually be needed

# FPL Change in Approach

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- FPL contacted FMPA in April with plans to file a merger application with FERC on May 1 to consolidate Gulf Power Co. into FPL
- Merger filing proposes 5-year hold harmless period for FPL wholesale transmission customers
  - No Gulf-related costs included in legacy FPL-system rates
  - No rate pancaking between FPL legacy and Gulf transmission systems
- Settlement approach now focused on a stated rate that achieves hold harmless goals, abandoning formula rate through at least 2025
- FPL still wants recovery of ~\$5B in planned transmission capital investment over the next several years unrelated to Gulf

# Working with Impacted Non-ARP Members

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- FMPA also representing Lake Worth Beach, Homestead, and New Smyrna Beach, all of which are network transmission of FPL, in settlement discussions
- Understanding is that these cities will pay a portion of the outside support costs incurred by the ARP

# FPL Transmission Formula Rate Case - Outside Support Spending through March

Company	Category	Amount (\$000)
Spiegel & McDiarmid	Legal	\$108
GDS Associates	Consulting (ROE)	8*
nFront	Consulting (Other Issues)	200
<b>Total</b>		<b>\$316</b>

\* This represents FMPA's share of the GDS cost. FMPA, Seminole, Lee County Electric Cooperative, and FKEC have jointly retained GDS to provide support on the ROE portion of the case, and each party pays 25% of the total cost.

# Significant Issues in Case (Based on Filed Formula Rate Approach)

## *Estimated Annual Value to FMPA Based on Litigation Positions*

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- Requested 10.7% ROE is excessive (>\$1M/yr)
- 62% equity ratio is too high (>\$1M/yr)
- 1.85% transmission loss factor ~10 years old, actual losses are lower (~\$300k/yr)
- Other Cost of Service Issues (>\$600k/yr)
  - Inclusion of the costs of certain transmission facilities that should be excluded
  - Inappropriate ADIT Allocator
  - Exclusion of certain revenue credits
- Credits for FPUA transmission facilities comparable to those FPL acquired from Vero

# Recent Activity and Current Schedule

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- Initial settlement proposal from customers originally due April 17 but delayed until May 7 due to Gulf merger plans
- Next settlement conference scheduled for June 2
- Uncertainty remains how COVID-19 will impact the process and schedule over the coming months

# Recommended Motion

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- Move approval of increasing the authorized budget for nFront Task Order #30 for assistance in connection with FPL's transmission formula rate and reactive power charge filing by \$125,000, for a total authorized budget of \$325,000.



**AGENDA ITEM 8 – ACTION ITEMS**

- b) Approval of Resolution 2020-EC1 – JP Morgan Line of Credit Extension**

**Executive Committee  
May 21, 2020**



# **EC 8b – Approval of Resolution 2020-EC1 – JP Morgan Line of Credit Extension**

FMIPA Executive Committee

May 11, 2020

# Businesses Rush for Credit Lines

*Biggest Single Monthly Growth Since January 1988*

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- COVID-19 causing new demand for Lines of Credit
  - Current customers using line of credit capacity
- U.S. Senate comments on States going bankrupt
  - States are actively looking to lines of credit for liquidity

# What Changed From Last Month's EC Meeting

## *Finance Team Agreed To Extension Terms*

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- Amending the credit agreement to extend the expiration date to 6/14/21 execute the agreement on 6/1/2020 with the new terms taking effect on 6/15/2020.
- LIBOR Interest Rate Floor: Staff was able to have this eliminated
- LIBOR Alternative Base Rate Language: Staff was able to improve clarity
- Return \$5,000,000 borrowing on June 1<sup>st</sup> to avoid additional fees

# JP Morgan LOC Total Cost Increasing 27%

## *LOC Available Capacity Holds At \$75 Million*

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- FMPA retains its LOC with JP Morgan at \$75 million
  - Recognized FMPA and JPM have a long-term relationship
  - FMPA staff was in discussions to extend the LOC before COVID
- JP Morgan Facility Fee moved to be more in line with current market pricing
  - JPM communicated the offer is below market as compared to higher rated utility credits
- Annual Cost increase of \$95,000

# Recommended Action

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- Move approval of Resolution 2020-EC1.



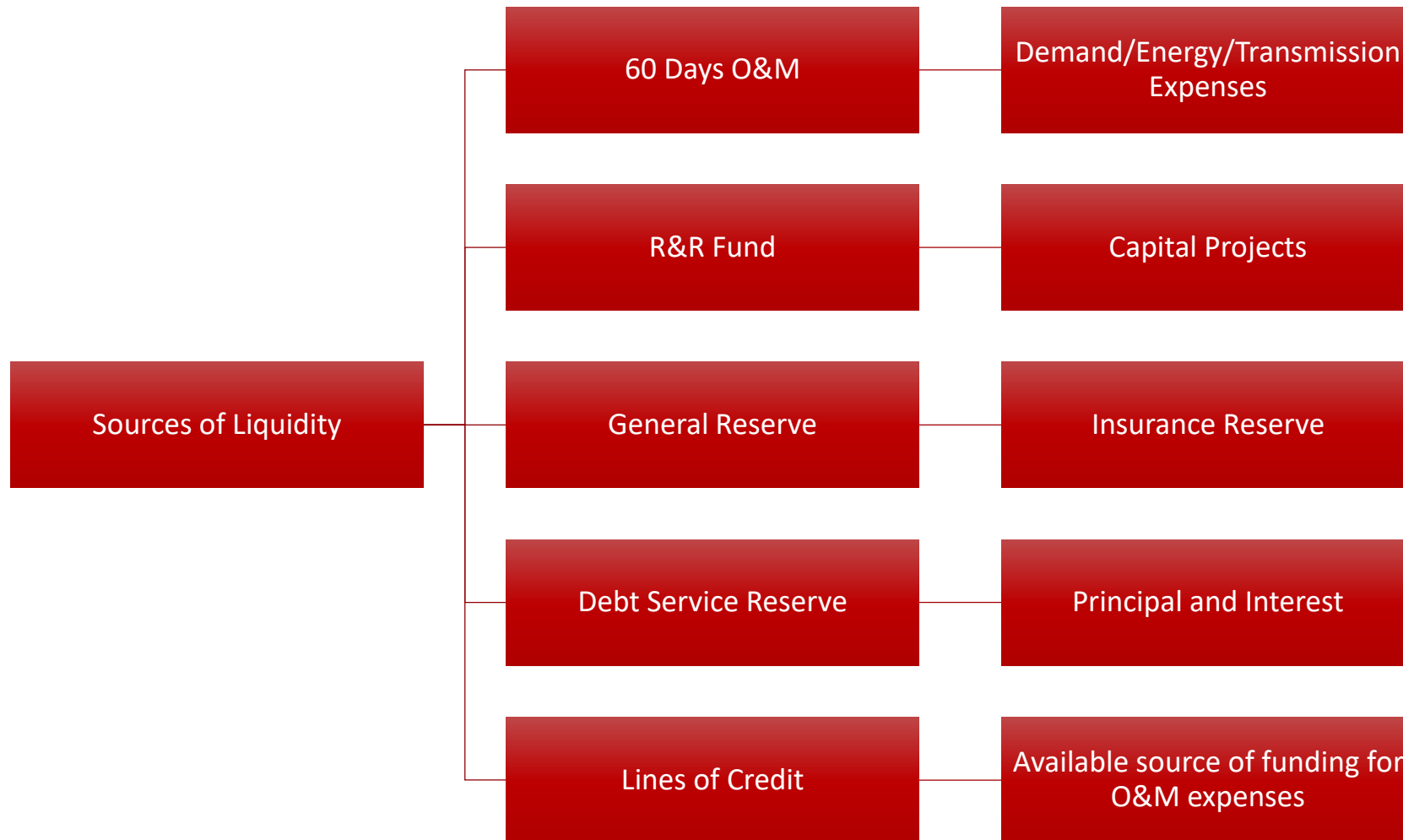
# Slides From Last Meeting

April 16, 2020



# Two Lines of Credit Provide \$100 Million ARP of Liquidity

*LOC Covers Unplanned Costs Giving Rating Agencies Comfort*





# Two Lines of Credits Expiring in 2020

## *Extend for One Year Due to LIBOR Termination*

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- **JP Morgan LOC**

- \$75 Million of capacity
- Expires: July 1, 2020
- \$5 million currently outstanding
  - Lowest total LOC cost when some of the line is used

- **Wells Fargo LOC**

- \$25 Million of capacity
- Expires: November 1, 2020
- No amount outstanding

# Moody's Criteria For Liquidity

## *Almost as Important as Asset Quality & Competitiveness*

EXHIBIT 1

### US Municipal Joint Action Agencies Sector Take-or-Pay Scorecard Overview

Factor	Factor Weighting	Sub-factor	Sub-factor Weighting
Participant Credit Quality and Cost Recovery Framework	45%	--*	45%
Asset Quality	15%	--*	15%
Competitiveness	15%	--*	15%
Financial Strength and Liquidity	25%	Adjusted Days Liquidity on Hand	10%
		Adjusted Debt Ratio	5%
		Fixed Obligation Charge Coverage Ratio	10%
<b>Total</b>	<b>100%</b>		<b>100%</b>

FACTOR

### All-Requirement Agencies: Financial Strength and Liquidity (25%)

Sub-factor	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B
Adjusted Days Liquidity on Hand (days)	10%	≥ 250	150 - 250	90 - 150	30 - 90	15 - 30	< 15
Adjusted Debt Ratio (%)	5%	< 50%	50% - 70%	70% - 100%	100% - 150%	150% - 200%	≥ 200%
Fixed Obligation Charge Coverage Ratio (x)	10%	≥ 2.0	1.4x - 2.0x	1.2x - 1.4x	1.1x - 1.2x	1.0x - 1.1x	< 1.0

# Lines of Credit Provide ~100 Day of Operating Cash

## *Cash Is King In Times of Uncertainty*

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- Liquidity is 10% of Moody's Rating
- "A" Rated "ARP" Agencies have 90-150 days of Cash on hand
- FMPA ARP targets 160 days with LOCs
  - O&M Balance = 60 days of cash
  - LOC Available = 100 days of cash

RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY: (I) RECITING STATEMENT OF AUTHORITY; (II) APPROVING AND ADOPTING SUPPLEMENT NUMBER 2 TO ALL-REQUIREMENTS POWER SUPPLY PROJECT SUBORDINATED DEBT RESOLUTION NO. 28, ADOPTED MAY 19, 2016; (III) PROVIDING FOR THE TAKING OF CERTAIN OTHER ACTIONS; (IV) PROVIDING FOR SEVERABILITY; AND (V) PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE FLORIDA MUNICIPAL POWER AGENCY THAT:

SECTION I. **Authority for this Resolution.** This resolution (this “**Resolution**”) is adopted pursuant to the provisions of Chapter 361, Part II, Florida Statutes, as amended, Section 163.01, Florida Statutes, as amended, and Chapter 166, Part II, Florida Statutes, as amended.

SECTION II. **Approval and Adoption of Supplement Number 2 to All-Requirements Power Supply Project Subordinated Debt Resolution No. 28.** Supplement Number 2 to All-Requirements Power Supply Project Subordinated Debt Resolution No. 28, adopted May 19, 2016, as supplemented and amended by the Supplement dated June 20, 2019, in the form attached hereto as Exhibit A (the “**No. 28 Subordinated Debt Resolution**”), is hereby approved and adopted.

SECTION III. **Further Actions.** Each Authorized Officer designated pursuant to Section 5.02 of the No. 28 Subordinated Debt Resolution is hereby authorized and empowered to take all further actions as may be necessary or desirable in carrying out the terms and provisions of this Resolution.

SECTION IV. **Severability.** If one or more provisions of this Resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof, and shall in no way affect the validity or enforceability of such remaining provisions.

*[Remainer of page intentionally left blank]*

SECTION V. **Effective Date.** This Resolution shall take effect immediately upon its adoption.

This Resolution 2020-EC1 is hereby approved and adopted by the Executive Committee of the Florida Municipal Power Agency on May 21, 2020.

\_\_\_\_\_  
Chairperson of the Executive Committee

I HEREBY CERTIFY that, on May 21, 2020, the above Resolution 2020-EC1 was approved and adopted by the Executive Committee of the Florida Municipal Power Agency, and that this is a true and complete copy of Resolution 2020-EC1.

ATTEST:

\_\_\_\_\_  
Secretary or Assistant Secretary

SEAL

**EXHIBIT A**

Supplement Number 2 to All-Requirements Power Supply Project  
Subordinated Debt Resolution No. 28, adopted May 19, 2016

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**FLORIDA MUNICIPAL POWER AGENCY  
ALL-REQUIREMENTS POWER SUPPLY PROJECT**

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**SUPPLEMENT NUMBER 2  
TO  
ALL-REQUIREMENTS POWER SUPPLY PROJECT  
SUBORDINATED DEBT RESOLUTION NO. 28  
ADOPTED MAY 19, 2016**

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Adopted May 21, 2020

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**SUPPLEMENT TO  
ALL-REQUIREMENTS POWER SUPPLY PROJECT  
SUBORDINATED DEBT RESOLUTION NO. 28**

BE IT RESOLVED by the Executive Committee of Florida Municipal Power Agency (“FMPA”) as follows:

**ARTICLE I.**

**DEFINITIONS AND STATUTORY AUTHORITY**

**SECTION 1.01. Supplemental Resolution.** This Supplement Number 2 adopted on May 21, 2020 (this “Supplement No. 2”) to All-Requirements Power Supply Project Subordinated Debt Resolution No. 28 adopted on May 19, 2016, as supplemented and amended by the Supplement dated June 20, 2019, is supplemental to the All-Requirements Power Supply Project Revenue Bond Resolution adopted by FMPA on March 22, 1985, as amended and restated in its entirety on May 23, 2003, and as supplemented and amended prior to the date hereof (the “Bond Resolution”), including as supplemented by the All-Requirements Power Supply Project Subordinated Debt Resolution No. 28 adopted on May 19, 2016, as supplemented and amended by the Supplement dated June 20, 2019 (the “Supplemental Resolution”). The Bond Resolution as supplemented by the Supplemental Resolution and this Supplement No. 2 is hereinafter referred to as the “Resolution”.

**SECTION 1.02. Definitions.** Except as modified by this Supplement No. 2, all terms which are defined in Section 101 of the Bond Resolution or Section 1.03 of the Supplemental Resolution shall have the same meanings, respectively, in this Supplement No. 2 as such terms are given in the Bond Resolution or the Supplemental Resolution.

**SECTION 1.03. Authority for this Supplement No. 1.** This Supplement No. 2 is adopted pursuant to the provisions of the Act and in accordance with the Bond Resolution.

*[Remainder of page intentionally left blank]*



## ARTICLE II.

### AUTHORIZATION TO EXECUTE AMENDMENT TO REVOLVING CREDIT AGREEMENT AND RELATED DOCUMENTS

**SECTION 2.01. Authorization for Third Amendment to JPMorgan Revolving Credit Agreement.** Notwithstanding the parameters set forth in Section 2.02 of the Supplemental Resolution, the Authorized Signatories are hereby authorized to negotiate an amendment (the “Third Amendment”) to that Revolving Credit Agreement, dated as of July 1, 2016, by and between FMPA, as agent for the All-Requirements Power Supply Project, as the Borrower, and JPMorgan Chase Bank, National Association, as the Lender (“JPMorgan”), dated as of July 1, 2016, as amended by the First Amendment to Revolving Credit Agreement, dated as of December 20, 2018, by and between FMPA and JPMorgan and, as further amended by the Second Amendment to Revolving Credit Agreement, dated June 25, 2019 and effective as of July 1, 2019, by and between FMPA and JPMorgan (collectively, the “JPMorgan Revolving Credit Agreement”) substantially in the form of the Third Amendment to Revolving Credit Agreement attached to this Supplement No. 2 as Exhibit A, with such changes to the attached form as the Authorized Signatories shall deem necessary and desirable, and any related promissory notes and fee letter or fee agreement. The Authorized Signatories are hereby authorized to execute and deliver to the other party or parties thereto such Third Amendment, any related promissory notes, and any separate and related fee letter or fee agreement; such execution and delivery to be conclusive evidence of the approval of the terms and conditions thereof by the Authorized Signatories. An action taken by the Authorized Signatories under Article II shall be subject to the approval of the General Counsel and Chief Legal Officer of FMPA.

## ARTICLE III.

### MISCELLANEOUS

**SECTION 3.01. Effective Date.** This Supplement No. 2 shall take effect immediately after its adoption by the Executive Committee and the filing of a copy thereof certified by the Secretary or Assistant Secretary of said Committee with the Trustee.

**SECTION 3.02. Designation of Authorized Officers of FMPA.**

. The Chairperson of the Executive Committee and Vice Chairperson of the Executive Committee, and the Secretary, Assistant Secretary, Treasurer, General Manager and CEO,(or, if at any time the position of General Manager and CEO of FMPA is vacant, the person serving as Interim General Manager), the Chief Financial Officer of FMPA, and the General Counsel and Chief Legal Officer of FMPA are each hereby designated as Authorized Officers of FMPA and the All-Requirements Project for the purpose of executing and delivering this Supplement No. 2 and taking any other actions relating thereto.

**SECTION 3.03. Further Actions.**

. Subject to the requirements in the Bond Resolution for actions to be taken by the Authorized Signatories, each Authorized Officer of FMPA is hereby authorized and empowered to take all further actions as may be necessary or desirable in carrying out the terms and provisions of this Supplement No. 2 and each of the documents referred to herein.

*[Remainder of page intentionally left blank]*

FLORIDA MUNICIPAL POWER AGENCY

By: \_\_\_\_\_  
Chairperson of the Executive Committee

ATTEST:

By: \_\_\_\_\_  
Secretary or Assistant Secretary

[Signature Page to Supplement Number 2 to All-Requirements Power Supply  
Project Subordinated Debt Resolution No. 28]

EXHIBIT A

[Form of Third Amendment to Revolving Credit Agreement attached]

### THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT (this “*Amendment*”) is dated June 1, 2020 (the “*Amendment Date*”) and shall be effective as of June 15, 2020 (the “*Amendment Effective Date*”), by and between FLORIDA MUNICIPAL POWER AGENCY, as Agent for the All-Requirements Power Supply Project (the “*Borrower*”), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (“*JPMorgan Chase Bank*”) (the “*Lender*”). All capitalized terms herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

#### WITNESSETH

WHEREAS, the Borrower and the Lender have entered into that certain Revolving Credit Agreement dated as of July 1, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”);

WHEREAS, pursuant to Section 8.04 of the Agreement, the Agreement may be amended by a written amendment signed by the Borrower and the Lender; and

WHEREAS, the Borrower has requested and the Lender has agreed to make certain amendments to the Agreement.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

#### 1. AMENDMENTS.

From and after the Amendment Effective Date, and upon the satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be permanently amended as follows:

1.1. The following defined terms appearing in Section 1.01 of the Agreement are hereby amended and restated in their entirety and as so amended shall be restated to read as follows:

“*Fee Letter*” means that certain second amended and restated fee letter dated as of June 1, 2020 by and between the parties hereto, as amended and supplemented from time to time.

“*Maturity Date*” means June 14, 2021, or such later date to which the Maturity Date is extended in accordance with the provisions of Section 2.18 hereof; *provided, however*, that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

“*LIBO Rate*” means, for the Interest Period for any LIBO Rate Borrowing, the London interbank offered rate administered by

the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for such U.S. Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; *provided*, that if any such rate is less than zero percent, then the LIBO Rate shall be deemed to be zero percent. The LIBO Rate shall adjust upon the expiration of each Interest Period.

1.2. Section 1.01 of the Agreement is hereby further amended and restated by adding the following defined term in alphabetical order, such new defined term to read as follows:

“*Benchmark Transition Event*” means the occurrence of one or more of the following events with respect to the LIBO Rate: (1) A public statement or publication of information by or on behalf of the administrator of the LIBO Rate announcing that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate. (2) A public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBO Rate, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate, in each case which states that the administrator of the LIBO Rate has ceased or will cease to provide the LIBO Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate. (3) A public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Screen Rate announcing that the LIBO Screen Rate is no longer representative.

1.3. Article I of the Agreement is hereby further amended by adding the following new Section 1.06 to read as follows:

*Section 1.06. LIBO Rate Notification.* LIBO Rate is intended to represent the rate at which contributing banks may

obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the “*IBA*”) for purposes of the *IBA* setting LIBO Rate. As a result, it is possible that commencing in 2022, LIBO Rate may no longer be available or deemed an appropriate reference rate upon which to determine the interest rate on LIBO Rate Borrowing. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBO Rate. Upon occurrence of a Benchmark Transition Event, Section 2.12 of this Agreement provides a mechanism for determining an alternative rate of interest.

1.4. Section 2.12(b) of the Agreement is hereby amended and restated as follows:

“(b) If at any time Lender determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in subsection (a) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in subsection (a) have not arisen but a Benchmark Transition Event has occurred, then the Lender shall promptly notify the Borrower of the occurrence of a Benchmark Transition Event and the Lender and the Borrower may amend this Agreement in the following manner. The Lender shall propose in writing an alternate rate of interest to the Adjusted LIBO Rate to the Borrower and the Borrower shall either accept or reject in writing the proposed alternate rate of interest within five (5) Business Days of receiving such proposed alternate rate of interest from the Lender. If the Borrower does not respond to such proposal within such five (5) Business Day period, it will be deemed to be a rejection of such proposed alternate rate of interest by the Borrower. In proposing and considering the proposed alternate rate of interest, the Lender and the Borrower, respectively, shall give due consideration to the then prevailing market convention for determining a rate of interest for bilateral credit facilities in the United States at such time and shall give consideration to the recommendations of the Alternative Reference Rates Committee. Upon reaching agreement on an alternate rate of interest, the Lender and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this subsection (b) (but, in the case of the

circumstances described in clause (ii) of the first sentence of this subsection (b) (excluding clause (3) under the definition of “Benchmark Transition Event”), only to the extent the Adjusted LIBO Rate for such Interest Period is not available or published at such time on a current basis), (x) any notice that requests the conversion of any Borrowing to, a LIBO Rate Borrowing shall be ineffective, (y) if any Borrowing notice requests a LIBO Rate Borrowing (either as a new Borrowing or as a conversion to an existing Borrowing), such Borrowing shall be made as an ABR Borrowing, and (z) the then outstanding Advances shall accrue interest at the Alternate Base Rate (provided that no such change to the Alternate Base Rate shall be required earlier than the last day of the then-current Interest Period).”

1.5. Section 4.01(e) of the Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

(e) Reserved;

1.6. Schedules 3.05 (Litigation and Environmental Matters) and 3.16 (Subordinated Debt) to the Agreement are hereby amended and restated in their entireties and as so amended shall be restated to read as shown on, respectively, Annex A and Annex B hereto.

1.7. Section 8.06 is hereby amended by replacing the notice information for the Borrower in such Section 8.06 with the following notice information:

To the Borrower as follows:

Florida Municipal Power Agency  
8553 Commodity Circle  
Orlando, Florida 32819-9002  
Attention: Chief Financial Officer  
Telephone: (407) 355-7767  
Facsimile: (407) 355-5794  
Email: [linda.howard@fmpa.com](mailto:linda.howard@fmpa.com)

with a copy to:

Florida Municipal Power Agency  
Office of General Counsel  
2061 Delta Way  
Tallahassee, Florida 32303  
Attention: Jody Lamar Finklea,  
General Counsel and Chief Legal Officer  
Telephone: (850) 297-2011



Facsimile: (850) 297-2014  
Email: [jody.lamar.finklea@fmpa.com](mailto:jody.lamar.finklea@fmpa.com)

2. CONDITIONS PRECEDENT.

This Amendment shall be effective on the Amendment Effective Date subject to the satisfaction of or waiver by the Lender of all of the following conditions precedent:

2.1. Delivery by the Borrower of an executed counterpart of this Amendment.

2.2. Delivery by the Borrower of an executed counterpart of the Fee Letter.

2.3. All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Lender and its counsel and such satisfaction shall be deemed to have occurred upon delivery by the Lender of an executed counterpart of this Amendment.

3. REPRESENTATIONS AND WARRANTIES.

To induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

3.1. *Incorporation of Representations and Warranties from Agreement.* The representations and warranties of the Borrower contained in Article III of the Agreement are true and correct in all material respects at and as of the Amendment Date except with respect to Section 3.09(a) and except to the extent that such representations and warranties relate to an earlier date.

3.2. *Absence of Event of Default.* After giving effect to this Amendment, no Default or Event of Default will exist or will be continuing.

3.3. *Power and Authority.* The Borrower has the requisite corporate power and authority to execute, deliver and perform the terms and provisions of this Amendment and the Agreement as amended hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance by it of this Amendment and the Agreement as amended hereby.

3.4. *Binding Obligation.* This Amendment has been duly executed and delivered by the Borrower, and constitutes the legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether enforcement is sought in equity or at law).

4. MISCELLANEOUS.

4.1. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement, or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. All capitalized terms used herein without definition shall have the same meanings herein as they have in the Agreement. ALL TERMS, OBLIGATIONS AND PROVISIONS OF THIS AMENDMENT ARE TO BE DETERMINED AND GOVERNED BY THE LAW OF FLORIDA, IT BEING UNDERSTOOD THAT THE POWER AND AUTHORITY OF THE LENDER TO ENTER INTO THIS AMENDMENT ARE GOVERNED BY THE LAW OF THE UNITED STATES OF AMERICA.

4.2. The Borrower agrees to pay on demand all costs and expenses of or incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Lender, and such costs and expenses shall not exceed \$5,000.

4.3. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Date.

ATTEST:

FLORIDA MUNICIPAL POWER AGENCY, as  
Agent for the All-Requirements Power  
Supply Project

\_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved:

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **ANNEX A**

### **SCHEDULE 3.05**

#### **LITIGATION AND ENVIRONMENTAL MATTERS**

With respect to both Section 3.05(a) and Section 3.05(b), please see “Note X. Commitments and Contingencies, D. Other Agreements, 2. All-Requirements” in the Notes to Financial Statements of the audited financial statements of the Florida Municipal Power Agency for the Year Ended September 30, 2019 under which it is stated: “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.” Also, please note that the Orlando Utilities Commission (“OUC”) is the operator of, and is responsible for environmental compliance at, the Stanton Energy Center.

**ANNEX B**

**SCHEDULE 3.16**

**SUBORDINATED DEBT**

(1) Amounts payable by Florida Municipal Power Agency, as agent for the All-Requirements Power Supply Project, under the Revolving Credit Agreement, dated as of November 1, 2016, by and between Florida Municipal Power Agency, as agent for the All-Requirements Power Supply Project, and Wells Fargo Bank, N.A. as amended to the date hereof.

**AGENDA ITEM 8 – ACTION ITEMS**

- c) Approval of the ARP Conservation Program Funding for FY 2021**

**Executive Committee  
May 21, 2020**



# **EC 8c - Approval of ARP Conservation Program Funding for FY'21**

FMIPA Executive Committee  
May 21, 2020

# ARP Rate Funds Conservation Programs

*Annually, Members Decide on Funding Level*

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- ARP Members currently offer more than 20 different conservation measures & programs for customers
  - Rebates – HVAC, appliances, duct leak repair, insulation upgrade, solar hot water heater, etc.
  - Energy Audits
  - Equipment
  - Marketing Materials
- Funds also available to support customers significantly impacted by COVID-19 related economic conditions



# Funds Remain Available for Most Participants

<b>Participant</b>	<b>Total Funds Available as of 5/1/2020</b>
Bushnell	\$3,933
Clewiston	\$0
Fort Meade	\$4,111
Fort Pierce	\$106,004
Green Cove Springs	\$1,743
Havana	\$28,042
Jacksonville Beach	\$42,186
KUA	\$0
Key West	\$37,781
Leesburg	\$5,740
Newberry	\$10,908
Ocala	\$59,598
Starke	\$36,400

# Program Activity Continues to be Steady

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Through FY '19 ...

>\$ 8.9 million  
allocated to  
members

Net participants in  
rebates, brochures  
and education  
material etc. to  
retail customers  
have more than  
doubled since  
inception

Members have  
spent 97% of all  
funds allocated  
to date

# Measures Provide Ongoing Savings

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- Conservation measures can have energy saving impacts ranging from 1 year up to 30 years (depending on measure)
- Measures implemented since program inception provided the ARP an estimated energy savings of 26,122 MWh in FY 2019
  - Savings to continue through the useful life of the measures
- Measures purchased & implemented in FY 2019 have the potential to save 41,723 MWh over the useful life of the measures
  - When considering total spent on these measures in FY 2019, each MWh of energy savings “cost” \$16.69

# Program Provides Other Benefits

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- Saves money for customers
- Supports customers' energy efficiency efforts
- Enhances customer service
- Supports public relations
- Provides offerings comparable to other utilities

# Annual Funding Levels Have Varied

## *CREAC Recommends \$750,000 for FY '21*

Fiscal Year	Funding Level	Estimated Rate Impact (\$/MWh)
FY '09 <sup>1</sup>	\$1,000,000	\$0.15
FY '10	\$525,000	\$0.09
FY '11	\$750,000	\$0.12
FY '12	\$750,000	\$0.12
FY '13	\$750,000	\$0.12
FY '14	\$750,000	\$0.12
FY '15	\$700,000	\$0.12
FY '16 <sup>2</sup>	\$700,000	\$0.12
FY '17	\$700,000	\$0.12
FY '18	\$750,000	\$0.13
FY '19	\$750,000	\$0.12
FY '20	\$750,000	\$0.12

<sup>1</sup> FY '09 included \$100k for conservation videos and program admin

<sup>2</sup> FY '16 included \$50k for updating conservation videos

# Allocation Options & Estimated Rate Impact for FY '21

Member	\$650,000	\$700,000	\$750,000	Current FY '20 (\$750,000) for reference
Bushnell	\$2,738	\$2,949	\$3,159	\$3,212
Clewiston	\$11,500	\$12,385	\$13,269	\$13,264
Fort Meade	\$4,718	\$5,080	\$5,443	\$5,389
Fort Pierce	\$61,769	\$66,521	\$71,272	\$71,961
Green Cove Springs	\$12,279	\$13,224	\$14,168	\$14,410
Havana	\$2,739	\$2,950	\$3,161	\$3,170
Jacksonville Beach	\$79,165	\$85,254	\$91,344	\$93,148
KUA	\$179,723	\$193,548	\$207,373	\$206,412
Key West	\$84,055	\$90,520	\$96,986	\$94,522
Leesburg	\$54,474	\$58,664	\$62,854	\$63,524
Newberry	\$4,336	\$4,670	\$5,004	\$4,894
Ocala	\$144,912	\$156,060	\$167,207	\$167,137
Starke	\$7,591	\$8,175	\$8,759	\$8,956
Est. Rate Impact (\$/MWh)	\$0.11	\$0.11	\$0.12	\$0.12

# Recommended Motion

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- Move approval of funding the ARP Conservation Program at \$750,000 for Fiscal Year '21. The program will be funded out of revenues collected through the ARP Energy Rate at an approximate rate impact of \$0.12/MWh.

**AGENDA ITEM 8 – ACTION ITEMS**

- d) Approval of Finance Committee's  
Proposed Charter Changes**

**Executive Committee  
May 21, 2020**





# **BOD 8c / EC 8d - Approval of Finance Committee Proposed Charter Change**

FMIPA Board of Directors and Executive Committee

May 21, 2020

# Annual Review

## *Charter Requirement*

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- Annual review required under section VI. 7
- Appointing members, replacing members is a key element
- In the wake of having a member resign due to retirement, we reviewed this section for guidance in filling the vacancy
- Subsequently, reviewed the entire charter to determine if other changes were needed

# Charter

## *Current vs Proposed Language*

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- **Current:** The Executive Committee Chairperson shall appoint the chairperson of the Committee, who must be a member of the Executive Committee (or an Executive Committee alternate), and at least four other representatives of the All Requirements Project (ARP) participants. The FMPA Chairman shall appoint at least four Committee members. Additional members of the committee may be appointed by Executive Committee Chairperson or the Board Chairman, respectively.
- **Proposed:** The membership of the Committee consists of a minimum of nine persons. The Executive Committee Chairperson shall appoint the chairperson of the Committee, who must be a member of the Executive Committee (or an Executive Committee alternate), and at least four other representatives of the All Requirements Project (ARP) participants. The FMPA Chairman shall appoint at least four Committee members, **who may be representatives of ARP participants or non-ARP members**. Additional members of the committee may be appointed by Executive Committee Chairperson or the Board Chairman, respectively.

# Motion

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- Move approval of Finance Committee charter change regarding the appointment of committee members

# FLORIDA MUNICIPAL POWER AGENCY

## FINANCE COMMITTEE CHARTER

(as adopted February 14, 2019)

*This Finance Committee Charter is intended to govern the function and operation of the Finance Committee (the "Committee") of Florida Municipal Power Agency ("FM PA") in fulfillment of its purpose as established by the FMPA Board of Directors and the Executive Committee.*

### **I. MISSION.**

The mission of the Committee is to a) oversee the administration of the Florida Municipal Power Agency Risk Management Policy, including Appendices A-O, b) review significant procurements contemplated by the Agency, c) receive regular reports from FMPA staff and members regarding risks and exposures of FMPA activities, d) review major items impacting FMPA's budgets, and 5) review major items impacting FMPA's rates.

More specifically, the Committee shall assist the Board of Directors and Executive Committee in fulfilling its oversight responsibility relating to (i) the integrity of the Agency's financial statements and financial reporting process and the Agency's systems of internal accounting and financial controls; (ii) the performance of the internal audit function; (iii) the annual independent audit of the Agency's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) the development, review and monitoring of the annual budget, (v) the review and evaluation of all financing transactions including bank loans, publicly offered debt, and pooled loans, (vi) the evaluation of management's process to assess and manage the Agency's enterprise risk issues; and (vii) the fulfillment of the other responsibilities set out in this Charter.

### **II. MEMBERSHIP.**

The membership of the Committee consists of a minimum of nine persons. The Executive Committee Chairperson shall appoint the chairperson of the Committee, who must be a member of the Executive Committee (or an Executive Committee alternate), and at least four other representatives of the All Requirements Project (ARP) participants. The FMPA Chairman shall appoint at least four Committee members, who may be representatives of ARP participants or non-ARP members. Additional members of the committee may be appointed by Executive Committee Chairperson or the Board Chairman, respectively.

The appointing officers (Board Chairman and Executive Committee Chairperson) will consider the financial experience of those who they appoint to the Committee and coordinate so that members of the Committee will have sufficient financial background which can include, but is not limited to demonstrated experience in the following areas: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in

connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements, budgets, or financing transactions (or some combination thereof) that present a breadth and level of complexity of financial issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by FMPA, (iv) an understanding of internal controls and procedures for financial reporting; understanding of risk and insurance matters, understanding of legal concepts and processes, and (v) an understanding of similar committee functions.

### **III. MEETINGS.**

Each member of the Committee has one vote which he or she may cast (yea or nea) on any action coming before the Committee. A quorum of the Committee is present at a meeting of the Committee when at least 51% (rounded to next whole number) of the Committee members are present and able to participate in the meeting in person or by electronic means, including by telephone. A quorum of the Committee is necessary for the Committee to take action.

Notice of the time, date, and place of each meeting will be provided to each Committee member at least 5 days prior to any meeting. Meetings of the Committee shall be called by the chairperson, by any two members of the Committee, or as otherwise regularly scheduled by the Committee. Regular meetings will be held at least quarterly in conjunction with the Board and/or Executive Committee meetings. The conduct of the meetings will follow *Roberts Rules of Order Newly Revised*, with the chairperson running the meeting. In the absence of the chairperson, the chairperson may designate another Committee member to chair the meeting or, if there has been no such designation, the Executive Committee Chairperson shall chair the meeting.

The Financial Advisor(s) of FMPA shall be given adequate prior notice of each Committee meeting to permit him or her to attend and is encouraged to attend and to participate in all meetings of the Committee.

### **IV. COMMUNICATIONS.**

(1) The CFO (or staff person with chief financial management responsibility, if such title is changed), (2) the General Manager, (3) the Audit Manager, and (4) the Treasurer and Risk Director (or person with chief risk management responsibility, if such title is changed) shall serve as the staff representatives to the Committee, or each of them may name a designee to fulfill their respective roles (the "Committee Staff Representatives"). The CFO shall have responsibility for coordinating the communications of the Committee and coordinating Committee meetings, including providing meeting notices to the Committee. Reports or requests from the Committee to the Board of Directors or the Executive Committee will also be coordinated by the CFO or his or her delegate.

### **V. AUTHORITY.**

The Committee has no authority to bind FMPA or to make any decision on behalf of the FMPA Board of Directors or Executive Committee unless such authority is delegated to the Committee by resolution. The Committee serves in an advisory capacity to the Board of Directors and the

Executive Committee. The Committee's role and authority, as otherwise determined by the Board of Directors and the Executive Committee, shall be set forth in the Florida Municipal Power Agency Risk Management Policy, which may supplement and shall control over any conflicting terms of this Charter.

## **VI. RESPONSIBILITIES.**

The following shall be the principal responsibilities of the Finance Committee:

1. *Audits by Independent Auditors:* The Committee shall discuss with the independent auditors the overall scope, plans and budget for the annual audit, including the adequacy of staffing and other factors that may affect the effectiveness of the audit. As such, the Committee shall discuss with FMPA management and the independent auditors the Agency's significant risk exposures (whether financial, operating or otherwise), the adequacy and effectiveness of the accounting and financial controls, and the steps management has taken to monitor and control such exposures, new or proposed regulatory and accounting initiatives on the Agency's financial statements, any problems or difficulties the auditors may have encountered in connection with the annual audit or otherwise, any management letter comments provided to the Committee and the Agency's responses, any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed" regardless of materiality, and other public disclosures among other considerations that may be relevant to the audit.
2. *Participant and Operational Audits:* Review and approve all participant and operational audits performed by the internal audit staff, including detail reports submitted.
3. *Annual Budget prepared by Staff:* Oversee the development of the annual budget for all projects and all amendments to the approved budget, make recommendations to the Board or Executive Committee for approval, and review of budget variances at least quarterly.
4. *Major Financial Transactions:* Review Requests for Proposals for financing transactions, review the details of financing transactions, including public offering, bank loans, letter of credits, cash defeasance, etc. and ensure that financial targets as set forth in the debt and investment policies are met and make recommendations to the Board and Executive Committee; review and provide recommendations for the pooled loan program (or similar program to provide financial support to Members); other significant financial transactions as they arise.
5. *Access to Records and Others:* The Committee shall have the full resources and authority (i) to investigate any matter directly related to the mission of the Committee which is brought to the Committee's attention, with full access to all books, records, facilities and personnel of the Agency; and (ii) to request any officer or employee of the Agency, or the Company's independent auditors, to attend a meeting of the Committee or to meet with any members of the Committee.

6. *Asset Risk Management:* The Committee shall receive reports regularly, as deemed appropriate by the Committee, from risk management staff on the activities of the Asset Risk Management Group (Treasurer and Risk Director and assigned team members from operations and generation staff) and discuss matters related to asset risk management for the Agency as the Committee deems appropriate.
7. *Annual Review:* The Committee shall at least annually review and assess the adequacy of this Charter and request the Board of Directors or Executive Committee, as provided for in Section VII, to approve proposed amendments to this Charter as deemed appropriate by this Committee.
8. *Selection of Professionals:* The Committee shall review the selection process for financial professionals including external auditors, depository banks, trustee banks, underwriters, financial advisors, bond counsel, disclosure counsel, and others as deemed appropriate
9. *Compliance with Policies:* The Committee shall regularly hear reports from staff on the risk management activities of FMPPA and all reports necessary for ensuring compliance with the Agency's risk management policies, including the Florida Municipal Power Agency-Wide Risk Management Policy and its constituent policies. The Committee is charged with oversight over the Agency's compliance with its risk management policies and shall report violations or discrepancies with those policies to the Board of Directors and Executive Committee, as appropriate.

## VII. APPROVAL.

This Charter is effective as of the approval by both the Board of Directors and the Executive Committee. Except as provided in the next sentence, amendments to this Charter are effective as of approval by both the Board of Directors and the Executive Committee. Amendments that only relate to the All-Requirements Power Supply Project need only be approved by the Executive Committee, and amendments that only relate to the Agency generally or projects other than the All-Requirements Power Supply Project, or both, need only be approved by the Board of Directors.



**AGENDA ITEM 9 – INFORMATION ITEMS**

**a) Summary of Finance Committee Items**

**Executive Committee  
May 21, 2020**



# **BOD 9c / EC 9a – Summary of Finance Committee Items**

FMIPA Board of Directors and Executive Committee

May 21, 2020

# Finance Committee Items

## *Possible Action Items for Next Meeting*

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Review and Approval of Agency budget, Member Assessment and Project Allocation

Review and Approval of Small Project Budgets (Stanton, Tri-City, Stanton II, St. Lucie, Solar, Solar II, Pooled Loan)

Approve Risk Management Policies and Compliance Reports

Review and Approval of FMPA's Corporate Risk Inventory Assessment

# Recommended Action

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- Information only. No action required

**AGENDA ITEM 9 – INFORMATION ITEMS**

**b) Discussion on Potential to Secure  
Pricing on Physical Natural Gas**

**EXECUTIVE COMMITTEE  
May 21, 2020**



# **EC 9b – Potential to Secure Pricing on Physical Natural Gas**

Executive Committee

05/21/2020

# Goal - Discuss Risk & Rewards of Locking In Gas Prices

## *To Deliver ARP Power Prices at or Below Historical Lows*

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- FY21 natural gas prices have trended lower over the last year
- Recent significant changes to the fundamental drivers (oil demand and prices, financial health of producers) leading natural gas price volatility
- Securing natural gas prices at current levels could ensure ARP rates at or below recent lows and protect ARP from gas reverting to longer-term averages
- Staff proposes discussion of risk and rewards of locking in gas prices to ensure ARP power prices at or below historical lows



# FY21 Natural Gas Price Trends

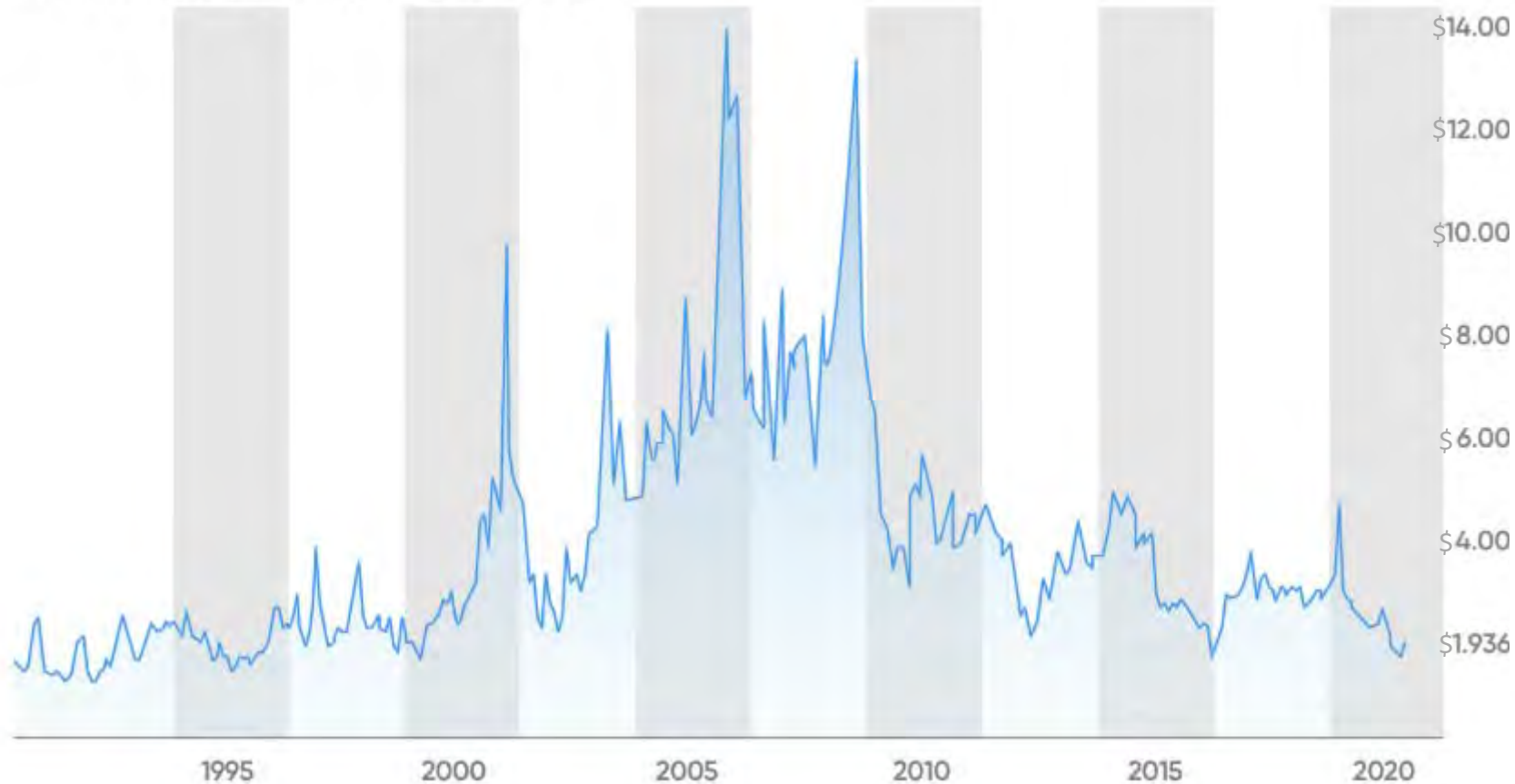




# Monthly Prices Near 30-Year Lows

*May Monthly Nymex Pricing Settled <\$1.80/mmBtu*

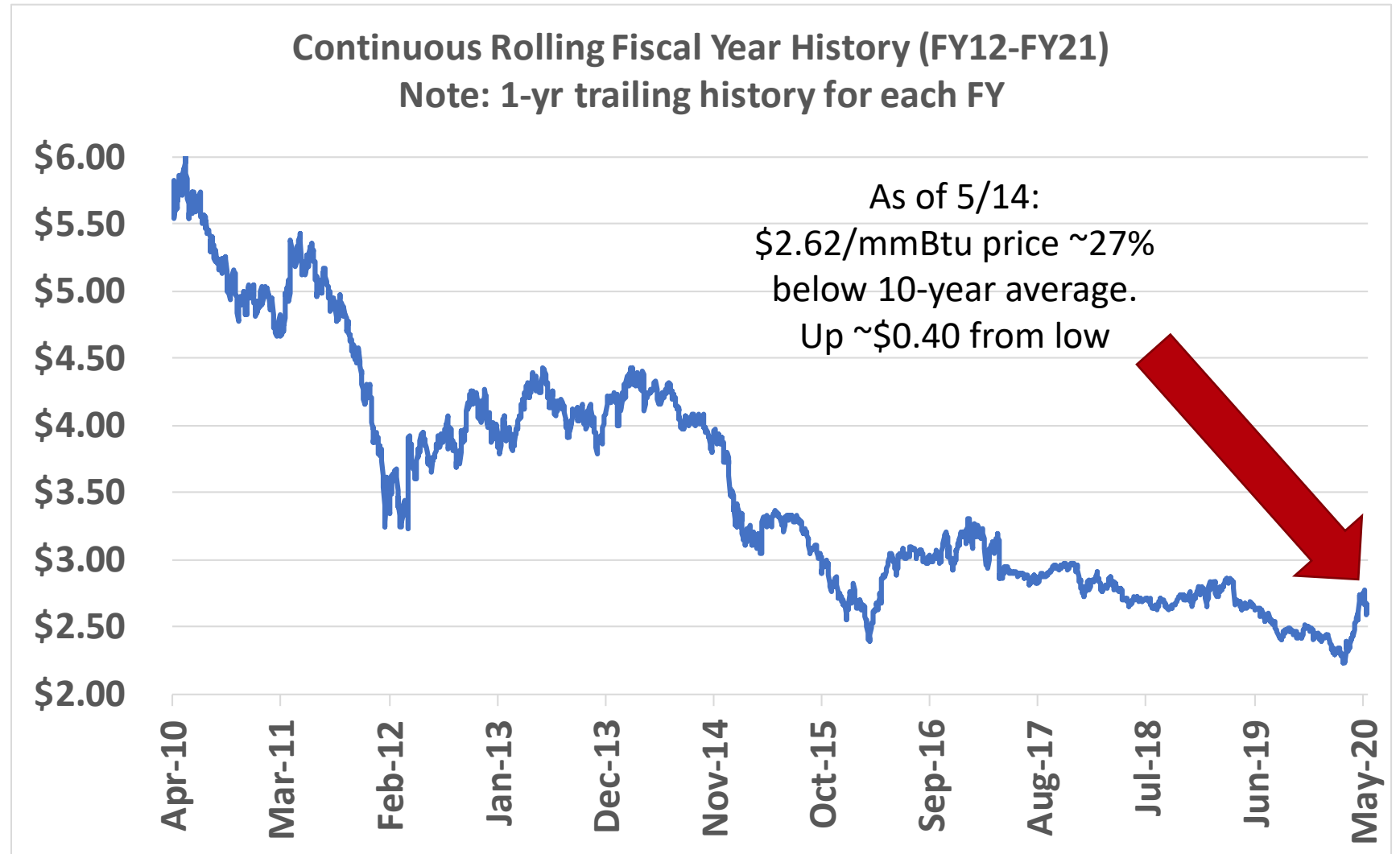
Natural Gas Historical Performance



**Demand has dropped significantly due to COVID-19 but supply reductions have not reacted as quickly.**

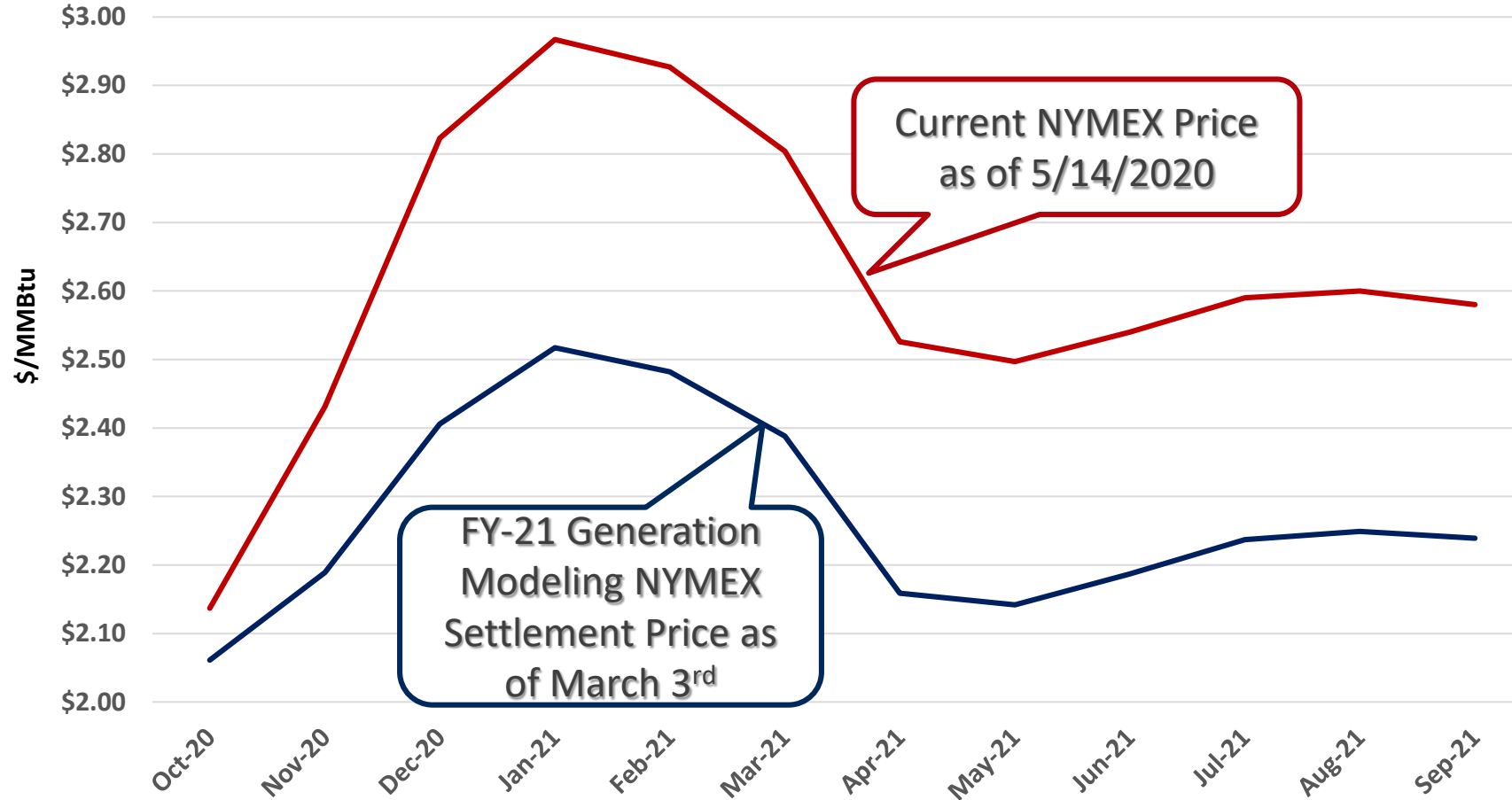
# Nymex Futures Fiscal Year Pricing at >15 year lows

FY21  
current  
average  
near *lowest*  
in the last  
15 years



# FY 2021 NYMEX Gas Price Up since Initial Budget Modeling

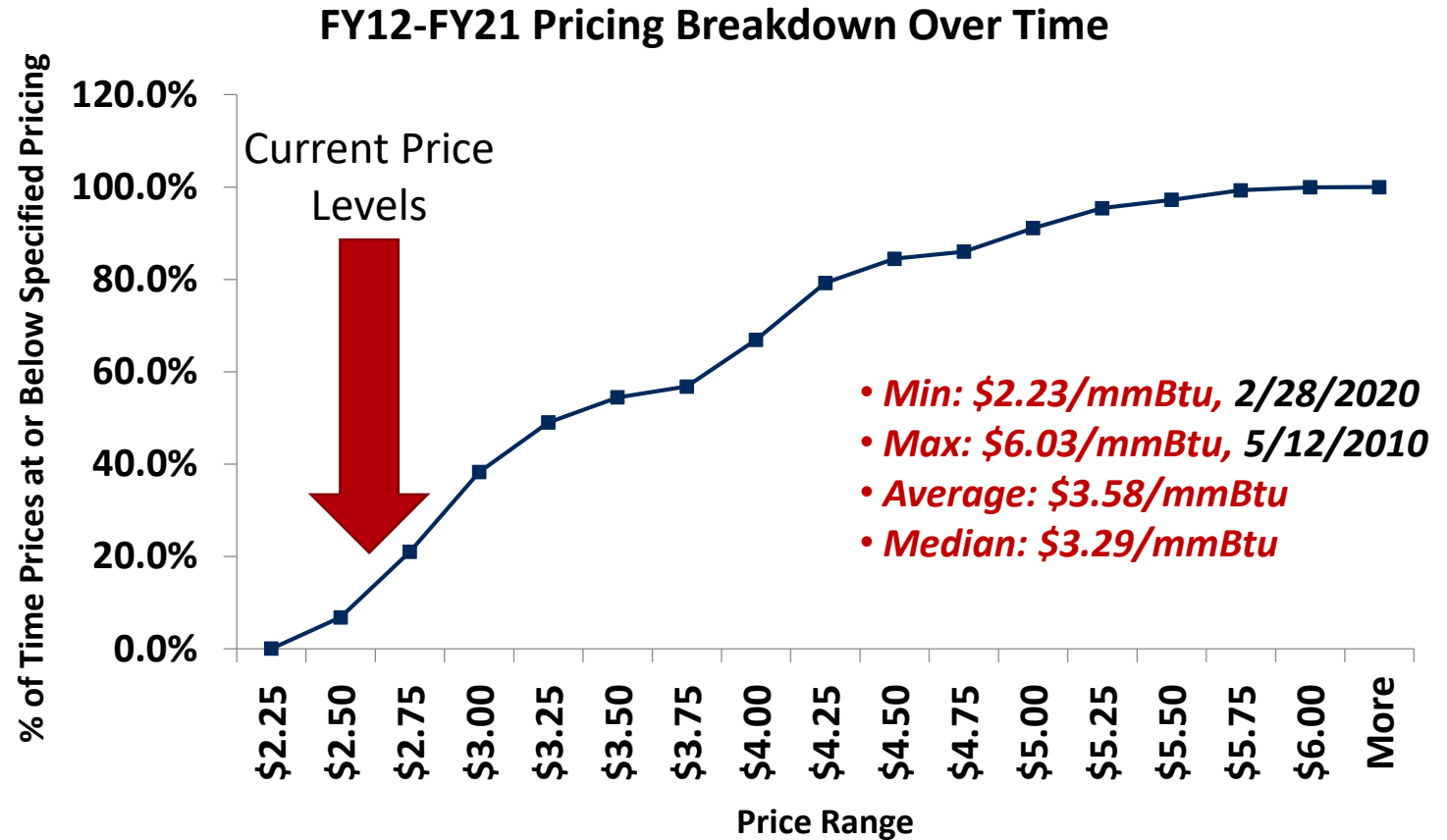
*Current NYMEX Pricing \$0.35/MMBtu Above Pricing Used for Modeling*



# Last 10 Years Average Price Nearly \$1.00/MmBtu Higher than Current

*FY Strip Pricing only sub \$2.50/mmBtu 7% of the time*

Price	Frequency	Cumulative %
\$2.25	2	0.1%
\$2.50	173	6.9%
\$2.75	362	21.0%
\$3.00	440	38.3%
\$3.25	274	49.0%
\$3.50	139	54.5%
\$3.75	60	56.8%
\$4.00	258	66.9%
\$4.25	314	79.2%
\$4.50	134	84.5%
\$4.75	39	86.0%
\$5.00	130	91.1%
\$5.25	110	95.4%
\$5.50	46	97.2%
\$5.75	53	99.3%
\$6.00	17	100.0%
More	1	100.0%





# Fundamental Price Drivers



# Drivers Supporting Increasing Price Risk Growing

*Supply Side Drivers May Offset Demand Side Drivers*

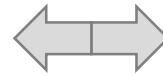
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## Price Decline Opportunity



- Drop in Domestic & Export Demand of Natural Gas due to COVID-19
- High Natural Gas Storage Inventories

## No Clear Impact



- Weather
- Fracking Regulation
- Florida Pipeline Constraints

## Risk of Price Increase



- Return of Industrial Gas Demand post COVID-19
- Increased Gas Generation at Expense of Coal
- Low Oil Prices Reduces Associated Natural Gas Production
- Bankruptcies and Financial Health of Producers – Lower CAPEX

# EIA Predicts Meaningful Supply Drop More than Offsetting Demand Drop

## *Significant Uncertainty on Demand Return due to COVID-19*

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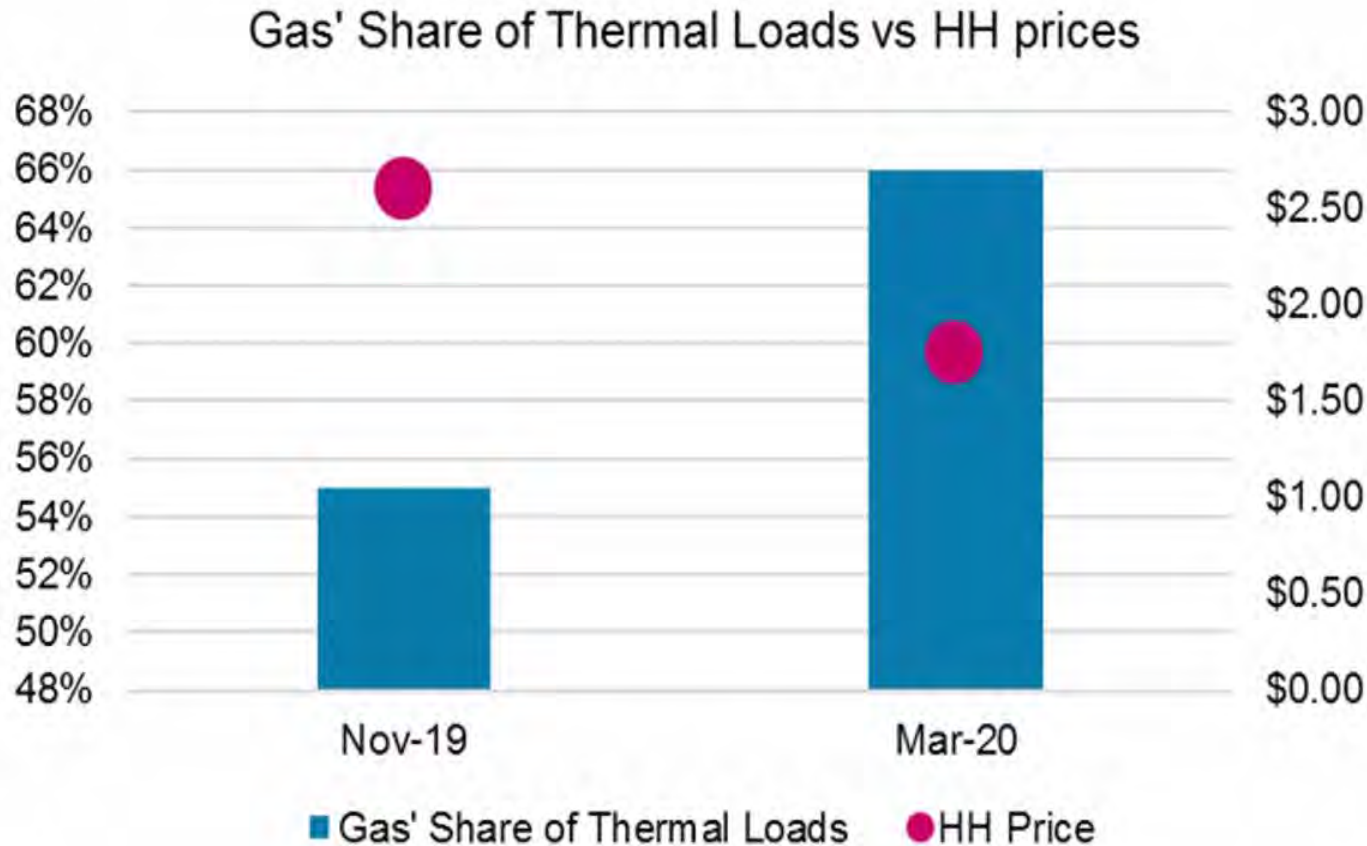
- **EIA expects production to drop over 6 Bcf/day**
  - 2019 record of 92.2 Bcf/day to
  - 85.4 Bcf/day by December.
- EIA forecasts a drop of 2 Bcf in industrial demand in 2020
- EIA anticipates demand to bottom near October 2020



Varying forecasts of demand return are all dependent on the uncertain outcomes of post-Covid world.

# Natural Gas Electric Generation Demand on Rise

*Decrease in Natural Gas Pricing Resulted in Higher Gas Generation*



**~\$1.00/mmBtu drop  
in gas price led to  
11% increase in  
natural gas  
generation share of  
production output**



# Oil Prices Pushed to 10-Year Lows During COVID-19

## *Administration Protecting Domestic Production from Geopolitical Influence*

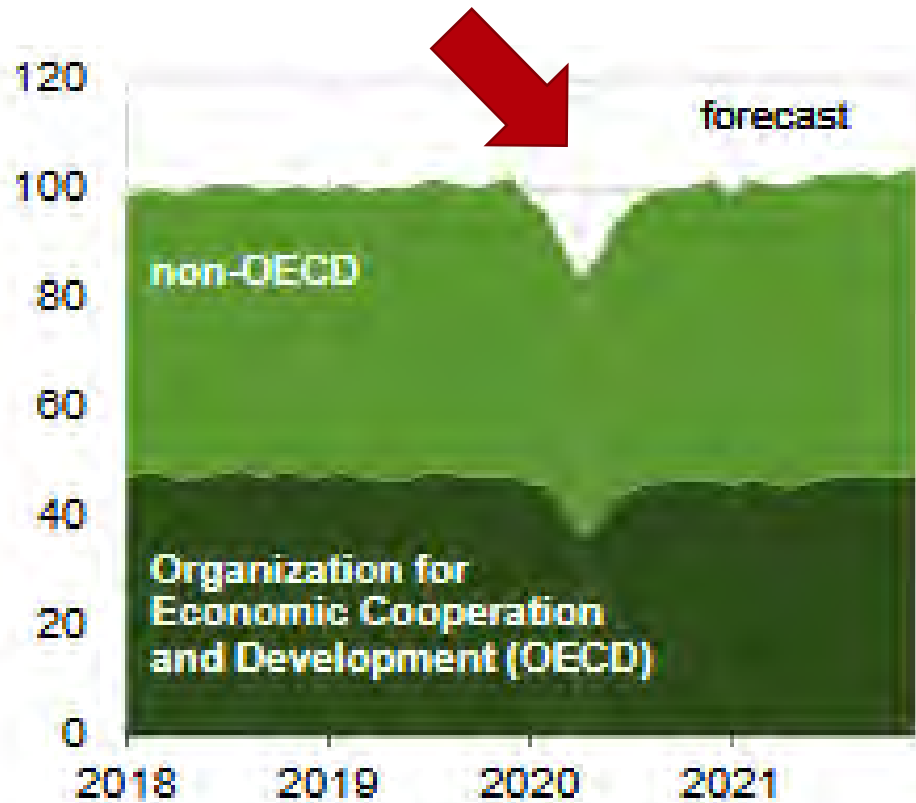
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- Pandemic's impact on air and highway travel reduced demand for oil
  - Global oil demand for April could drop more than 30 million bbl/day, or ~30%
- Global crude oil inventories on rise, nearing storage capacity limits
- U.S. domestic oil and natural gas production only slightly off
- Natural gas storage levels 20.6% above five-year average
- Saudi Arabia and Russia raced to increase production as prices fell
- Trump threatens tariff on oil imports to protect U.S. oil production
- Saudi Arabia and Russia agreed on 9.7 million bbls/day oil production cuts, more potentially forthcoming

# COVID-19 Drives ~20% Drop in Oil Demand

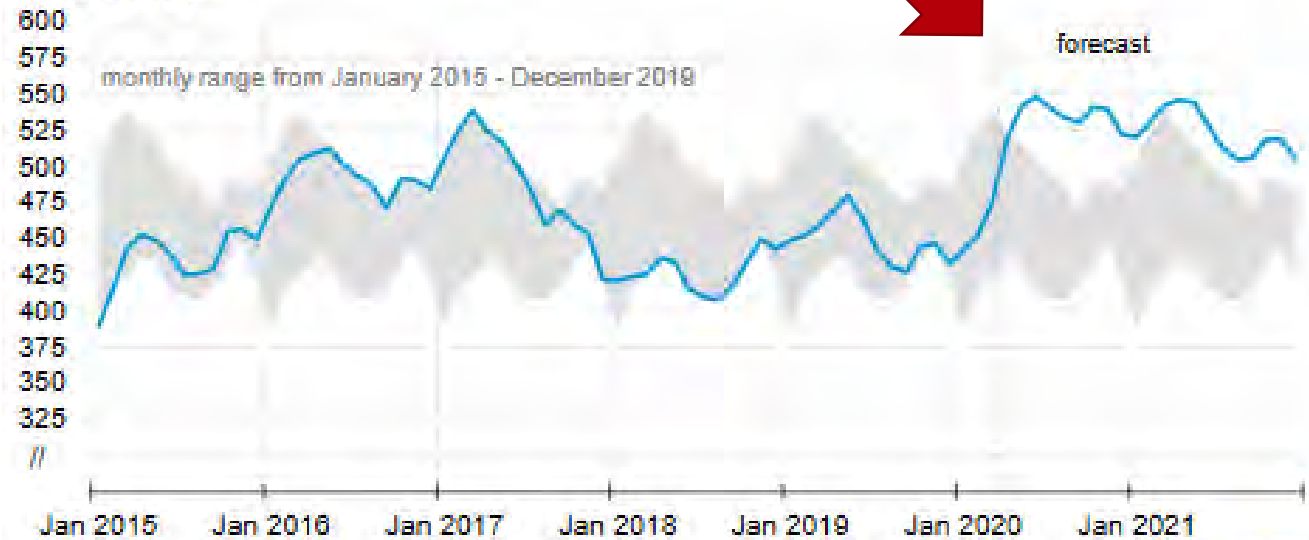
*Inventories Rising to Record Levels at or Near Full Capacity*

**Dip In World Oil Demand**



**Significant Increase Expected in Inventories**

U.S. commercial crude oil inventories  
million barrels



Source: Short-Term Energy Outlook, April 2020



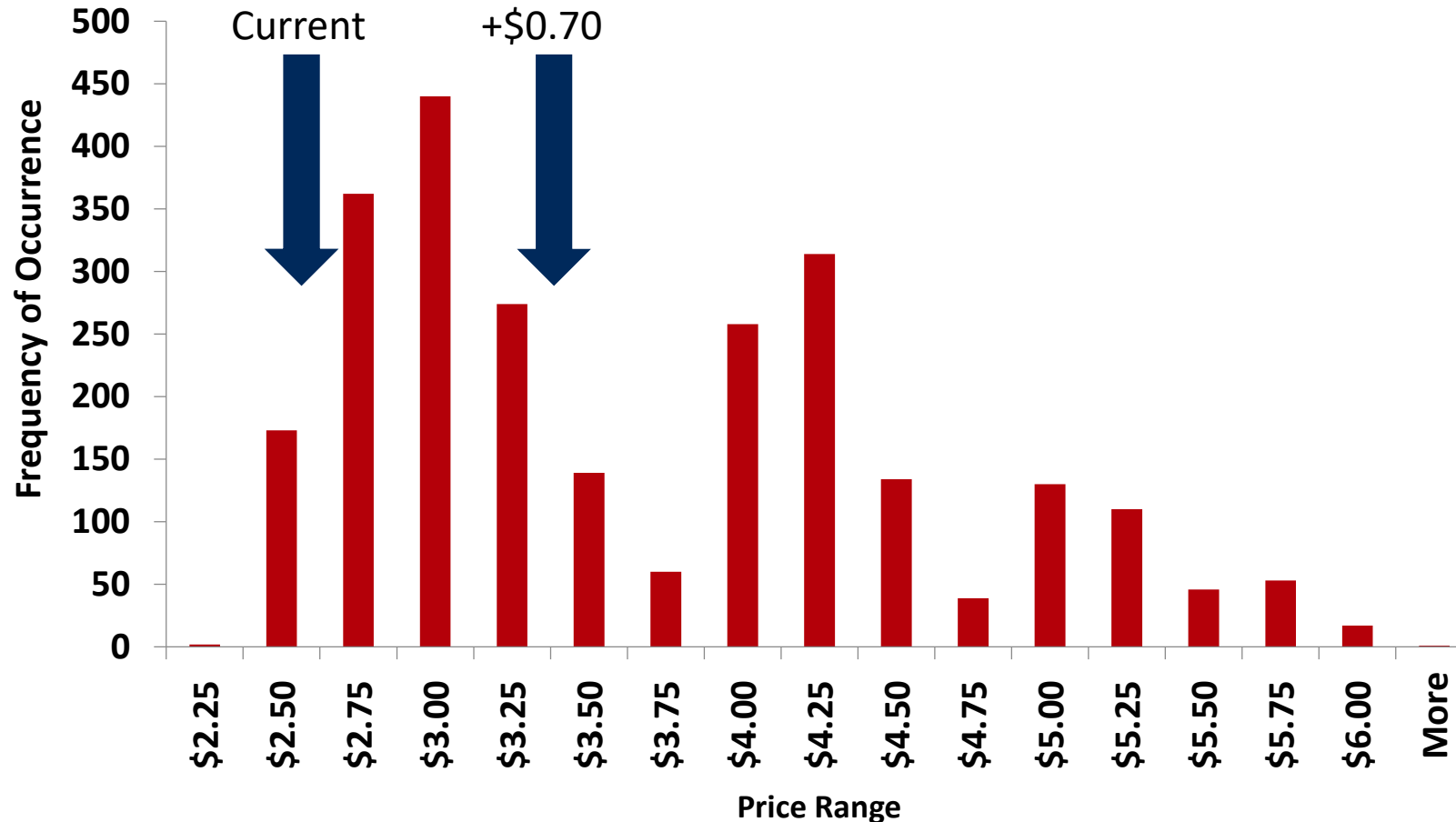


# ARP Financial Impacts



# Stressing Prices to 50<sup>th</sup> Percentile Implies \$0.70/mmBtu Increase

Histogram of FY12-FY21 Last 365 Days Pricing



A market reversion to historical average would imply that prices would increase \$0.70/mmbtu

# Rate Sensitivity Scenario Results

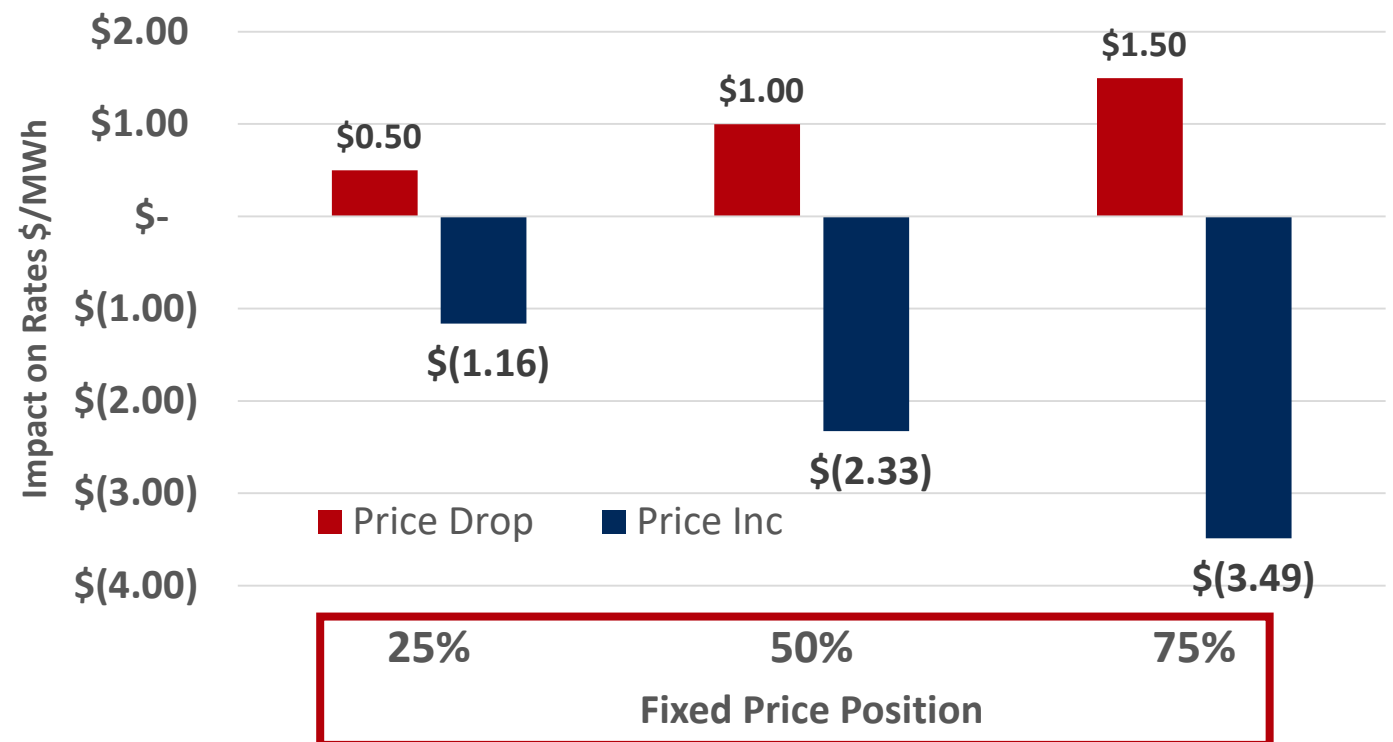
## Impacts of Price Scenarios on Rates

### Financial Stress Test Results

Price Fixed Volume	Annual Price Drop Impact	Annual Price Increase Impact
Mmbtus / Day	<b>\$(0.30)/mmbtu</b>	<b>\$0.70/mmbtu</b>
28.1 k or 25%	\$(3.1) mm	\$ 7.2 mm
56.2 k or 50%	\$(6.2) mm	\$14.4 mm
84.2 k or 75%	\$(9.2) mm	\$21.5 mm

The daily average burn is roughly 110KMmbtus/day. The average daily burn equates to roughly ~40 million Mmbtus/year

Fixed Price Scenarios vs. Price Outcomes  
Impact on Member Rates vs. Do Nothing





# Discussion



# Potential Action Item for June EC Meeting?

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- Discussion of rate certainty vs. risk of increasing/decreasing rates
- Is there Member interest in securing natural gas physical supply at these price levels?
- Should staff draft an action item presentation for June?

**AGENDA ITEM 10 – MEMBER COMMENTS**

**Executive Committee  
May 21, 2020**



**AGENDA ITEM 11 – ADJOURNMENT**

**Executive Committee  
May 21, 2020**