



FMIPA BOARD OF DIRECTORS AGENDA PACKAGE

September 17, 2020

9:00 a.m. [NOTE TIME]

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

Meeting Number 859 999 617#

PASSWORD – 8553#

Board of Directors

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

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

Meeting Location

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



MEMORANDUM

TO: FMIPA Board of Directors
FROM: Jacob A. Williams, General Manager and CEO
DATE: September 8, 2020
RE: **FMPA Board of Directors Meeting – 9:00 a.m., September 17, 2020**
[NOTE TIME]
PLACE: Florida Municipal Power Agency
8553 Commodity Circle, Orlando, FL 32819
DIAL-IN: **DIAL-IN INFO 877-668-4493 or 650-479-3208**
Meeting Number 859 999 617# – PASSWORD – 8553#
(If you have trouble connecting via phone or internet, call 407-355-7767)

AGENDA

Chairperson Barbara Quiñones, Presiding

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

JW/su

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

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

**Board of Directors Meeting
September 17, 2020**

**AGENDA ITEM 2 – RECOGNITION OF
GUESTS**

**Board of Directors Meeting
September 17, 2020**

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

**Board of Directors Meeting
September 17, 2020**

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

**Board of Directors Meeting
September 17, 2020**

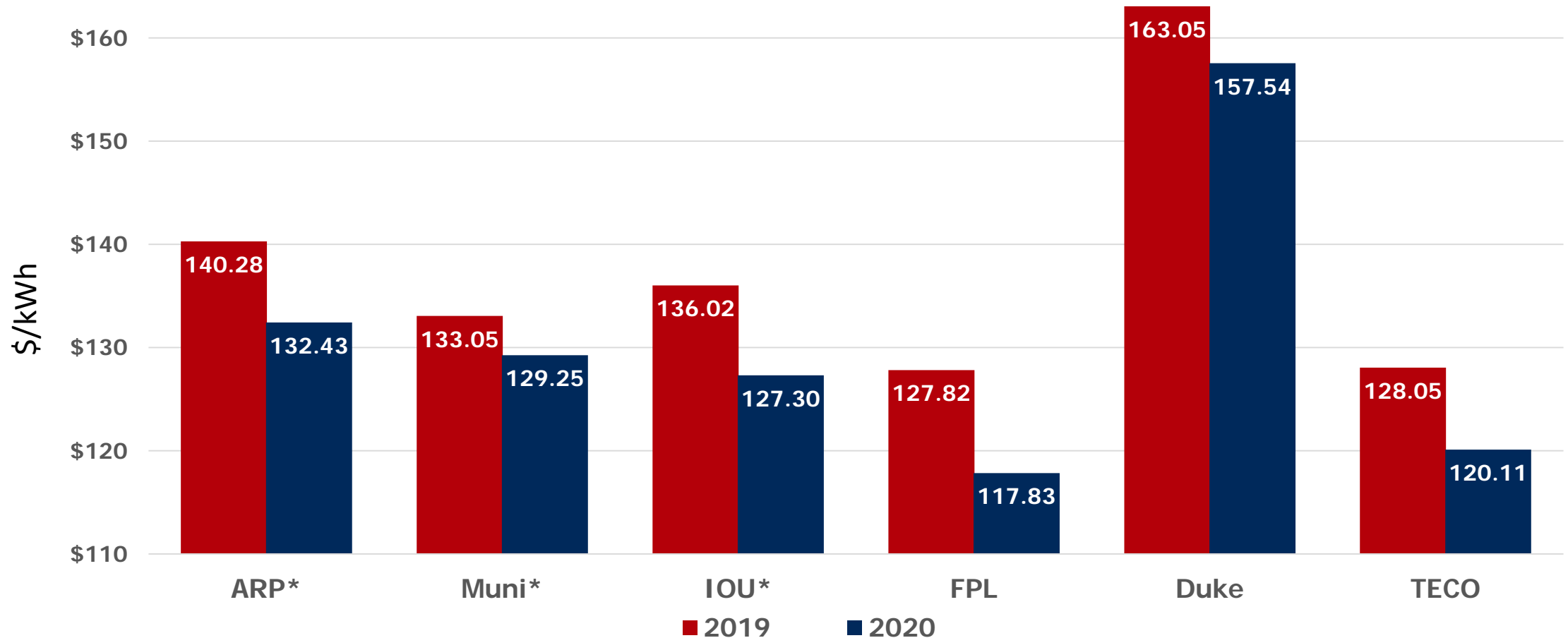
**AGENDA ITEM 5 – REPORT FROM
THE GENERAL MANAGER**

**Board of Directors Meeting
September 17, 2020**

Fiscal 2020 Management Goals Scorecard, as of August 31, 2020

Goal		Status	Actual	YTD Actual	YTD Target	FY'20 Target	Comment
1. Safety (no lost-time accidents for employees/agents)			0	0	0	0	Zero lost time accidents.
2. Compliance (no violations that are not self-reported)	Environ.		0	0	0	0	Zero compliance violations.
	Financial		0	0	0	0	
	Regulatory		0	0	0	0	
3. Cyber Security (zero cyber breaches: Corp IT & Plant Ops)			0	0	0	0	
Members APPA Scorecard					2	12	
Phishing Testing			9.5%	5.7%	5% or <	5% or <	Campaign Subject: " Company Picnic Reminder " Seven people clicked on the link/attachment. Email "appeared" to come from HR.
4. Low Costs (\$/MWh)	Non-Fuel		\$38.99	\$49.60	\$50.35	\$48.55	August 2020 will be updated for the meeting. July 2020 YTD MWh sales 0.5% below target. Main drivers of all-in costs 11% (\$7.41/MWh) below target include: Gas Costs (30%), O&M Expenses (~10%), Assigned Project Costs (~8%), A&G and Direct Charges (~8%) below targeted levels, but TXMS Expenses (17%) above target.
	Fuels		\$16.61	\$17.49	\$24.15	\$24.09	
	All-in		\$55.60	\$67.09	\$74.50	\$72.64	
5. Reliability	CC EAF		%	%	83%	88%	Page 9 of 144
	KWS Blk Start						

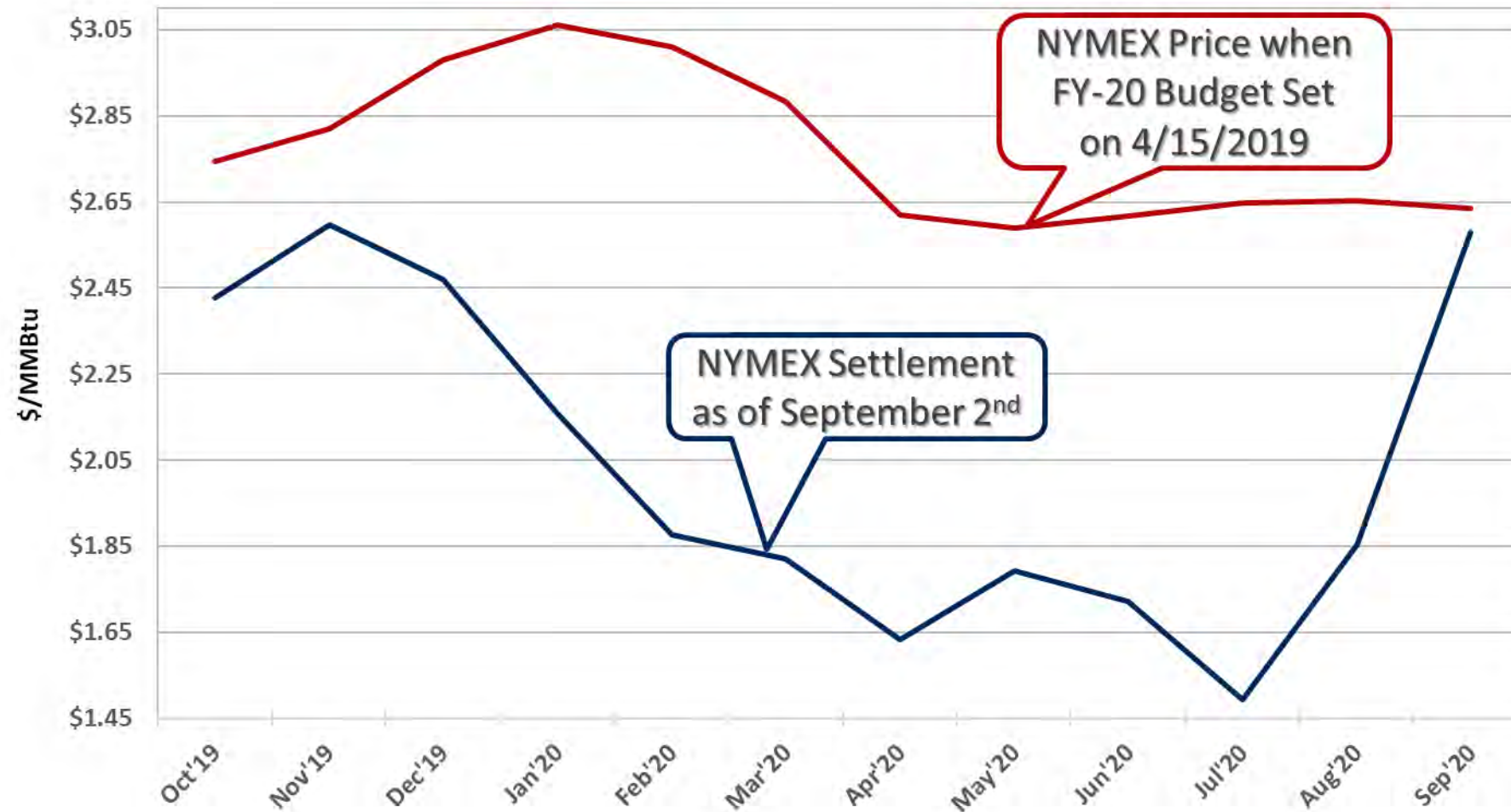
Average Year-to-Date Jan-July Retail Rate Comparison 1,200 KWH Rate Class 2019 vs 2020



- Weighted Average Rate using the respective 2019 Annual Load
Muni AVG does not include Jacksonville due to such large size

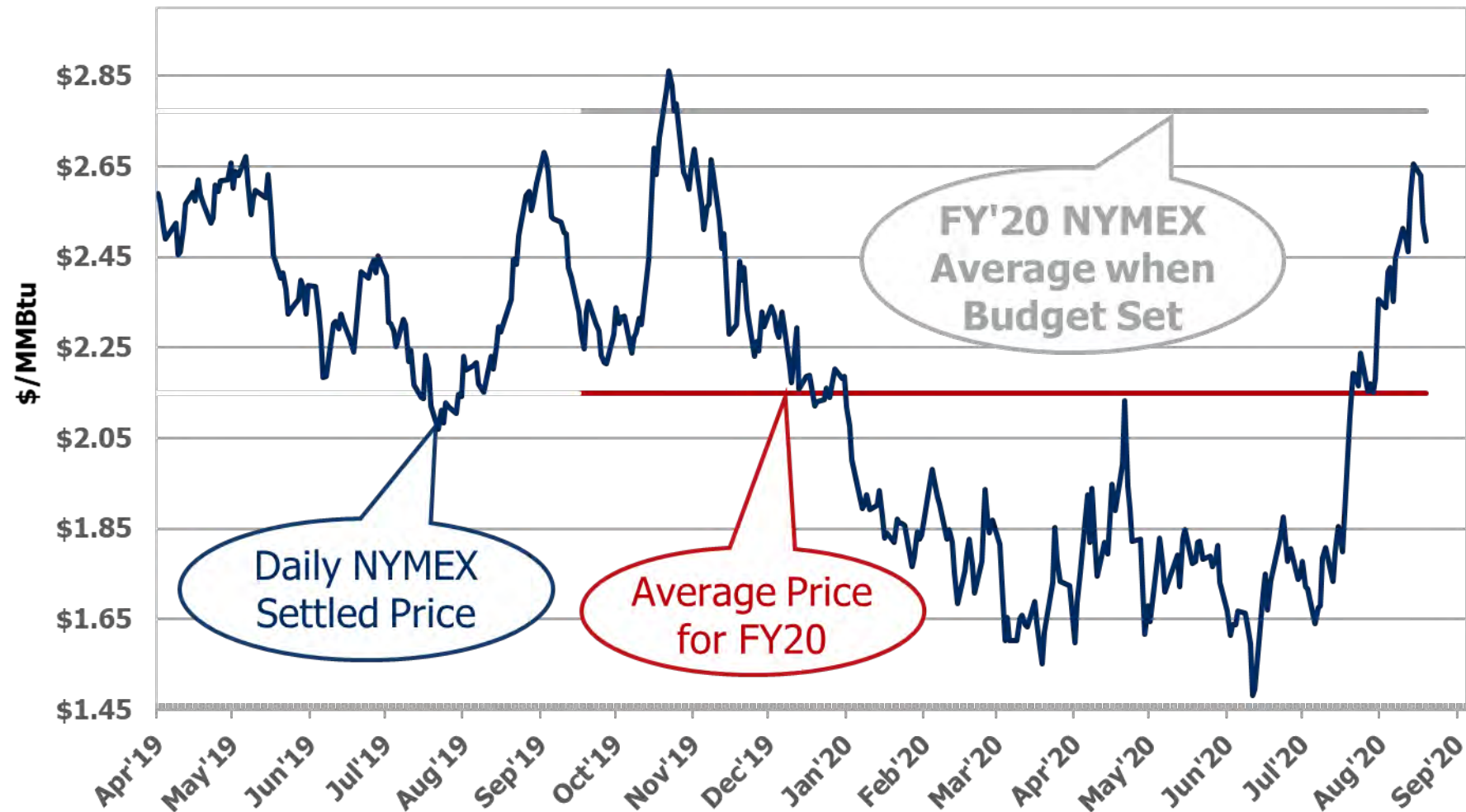
FY 2020 NYMEX Contract \$0.74/MMBtu Below Budget

NYMEX Natural Gas Settlement (as of 9/2/20)



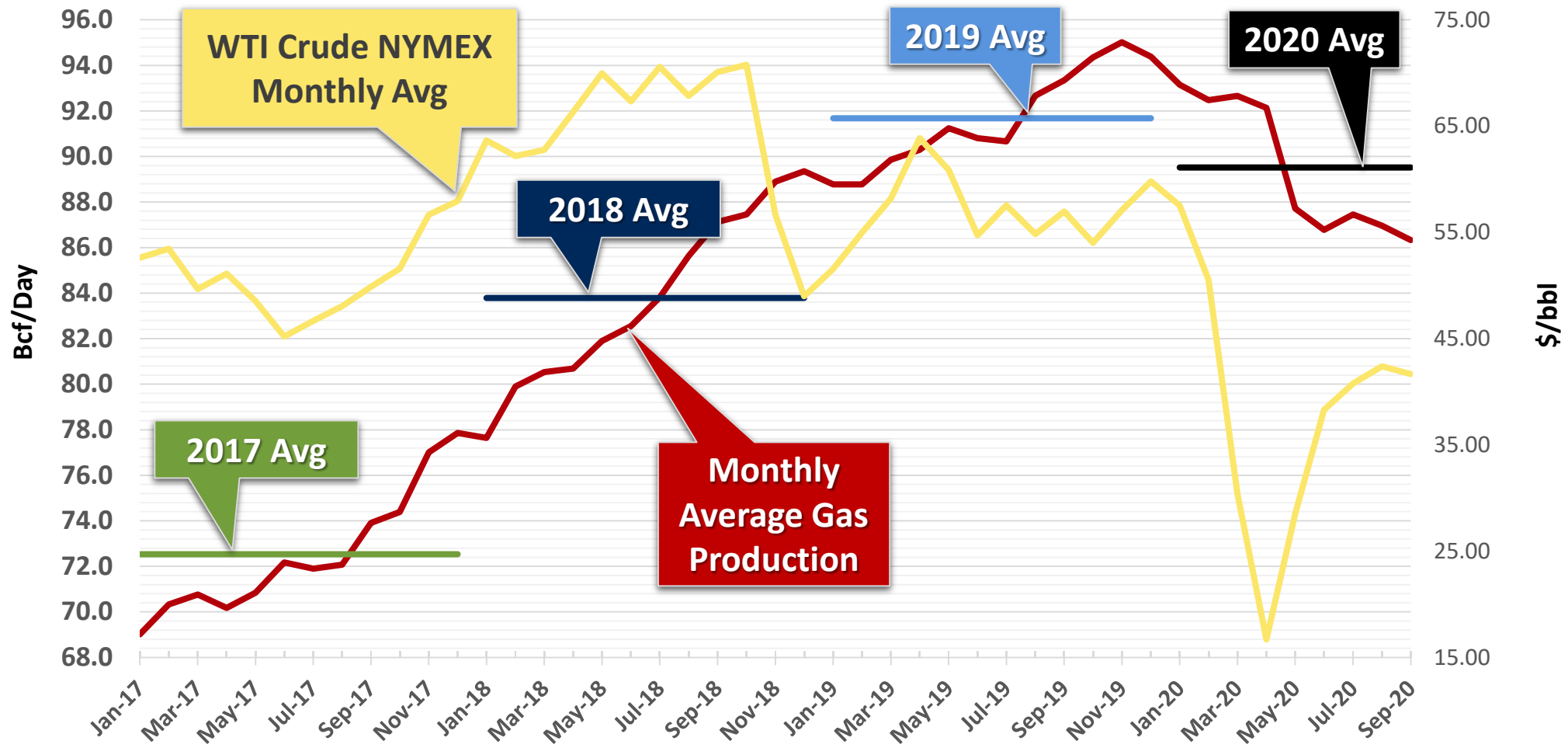
Daily NYMEX Strip Action for since FY 2020 Budget Set

Daily Settled Price \$0.62 Below Budget as of Sep 2nd Settlement



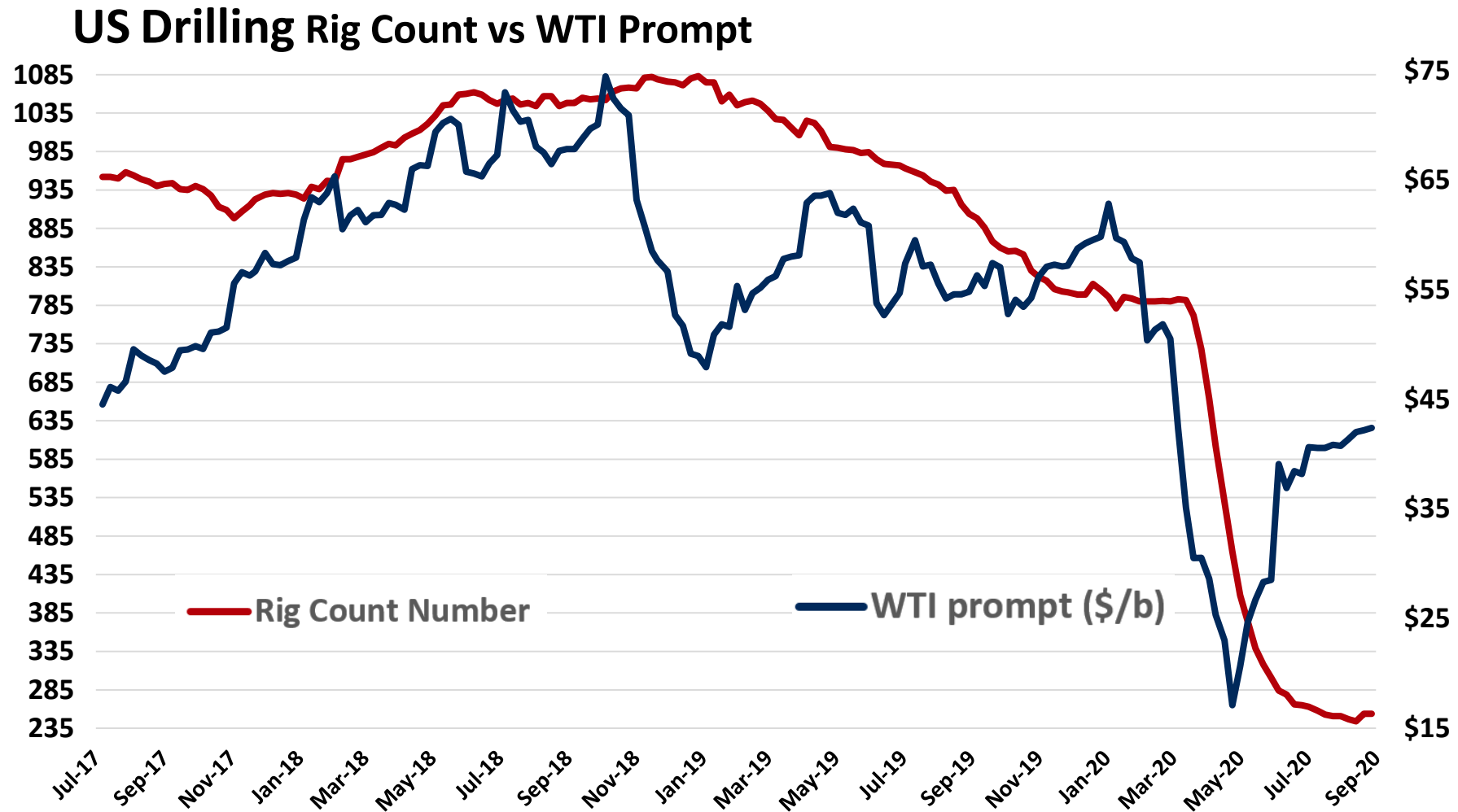
Natural Gas Production Following Changes in Oil Prices

Average Monthly Change Since 2017 to Date (9/2/20)



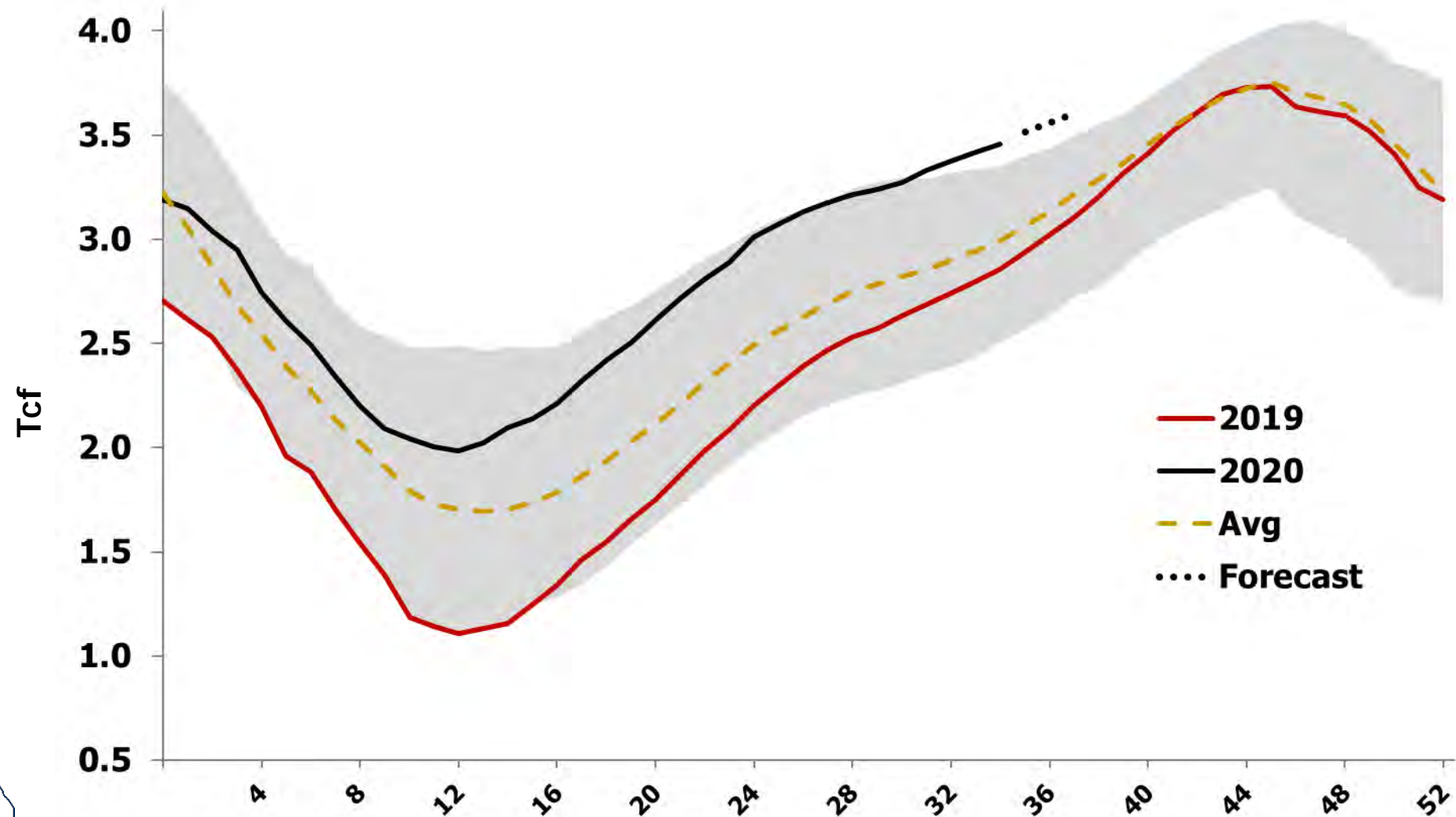
Drilling Rig Count Declines as Oil Prices Move Lower

Drilling Rig Expansion resumes decline as WTI Price falls (as of August 28th)



Gas Storage Inventory as of Week Ending August 28th

2020 Injection Season 13.4% above high inventory level of the last 5 years



Roughly 29% of FMPA Annual Natural Gas Burn Secured \$(0.185) / MMBtu below budget

Value vs. Budget

- No new purchases since last month's report
- Locked in ~29% of annual burn at a weighted average cost of gas of \$2.55/Mmbtu
- The fixed price purchases are roughly \$(0.185)/MMBtu lower than budget
- The extended fixed price value is roughly \$2.05 million below budget
- FGU continues to look for opportunities to secure pricing well below budget up to the 50% maximum fixed pricing directive.

Value vs. Market

Month	Purchase WACOG (\$/MMBtu)	FGT Zn3 Market Pricing as of 9/2/20 (\$/MMBtu)	\$ Value or (lost opportunity) vs. Current Market (\$/MMBtu)	Extended Value or (lost opportunity) vs. Current Market
Oct-20	\$1.81	\$2.66	\$0.85	\$855,726
Nov-20	\$2.24	\$2.89	\$0.66	\$838,299
Dec-20	\$2.72	\$3.27	\$0.55	\$730,024
Jan-21	\$2.88	\$3.39	\$0.51	\$667,586
Feb-21	\$2.83	\$3.35	\$0.52	\$616,351
Mar-21	\$2.73	\$3.20	\$0.47	\$623,971
Apr-21	\$2.49	\$2.81	\$0.31	\$187,908
May-21	\$2.44	\$2.78	\$0.34	\$211,755
Jun-21	\$2.49	\$2.87	\$0.38	\$225,708
Jul-21	\$2.57	\$2.85	\$0.28	\$173,997
Aug-21	\$2.59	\$2.88	\$0.29	\$178,845
Sep-21	\$2.57	\$2.85	\$0.28	\$167,184

Total Extended Value vs. Current Market	\$5,477,354
------------------------------------------------	--------------------

(Continued) Management Goals Scorecard, as of August 31, 2020

Goal		Status	Comment
6. Energy/Capacity Sales - Execute wholesale agreements with projected margin value \$3.5M for FY2020-2024			Williston PPA on EC agenda for approval. Projected value of >\$1.5M over seven years.
7. Enhance Pool – for future significant solar resources - Hire new Exec. Dir. - Devel. practices for extra reserves and fast start needs - Devel. mkt. compensation products to manage new solar resources			FMIPA Staff meeting at least weekly with new FMPP Executive Director.
8. Member Services Visits by Leadership Team (75 visits)			6 visits in August. YTD total is 69. Several scheduled for September.
Member Services	15 project oversight		25 YTD; Added Ft. Meade system mapping, Clewiston PV training, Moore Haven revenue forecast
	Assist solar subscription service - 6		<ul style="list-style-type: none"> KUA and Ocala finalizing programs and marketing to customers. Ocala tariff filed with PSC. FPUA and KEYS developing programs. Mount Dora and New Smyrna Beach considering programs for Phase II.

(Continued) Management Goals Scorecard, as of August 31, 2020

Goal	Status	Comment
9. Promoting Value of Utilities Update Member Reports – 16 Public Presentations by Members or FMPA - 10		<ul style="list-style-type: none"> • 16 Reports Completed and Shared. • Information shared with Lake Worth Beach City Commission and Ocala City Council • Public Presentations planned for Newberry (9/28) and Leesburg (TBD). • FMPA worked with several members during COVID-19 to assist in telling their stories publicly
10. Solar Project - Execute Phase 2 Solar Agreements - Assist Members marketing Phase 1 groundbreaking & energize Phase 1		<ul style="list-style-type: none"> • Phase II Agreements fully executed • Solar Promotional "Toolkit" available to members • Successful nationwide positive publicity for FMSP Groundbreaking and Commercial Operation. • FMSP Groundbreaking event won an Award of Distinction at the 2020 Golden Image Awards. • Harmony and Taylor Creek facilities completed on schedule June 30, 2020 • FMPA investigating development of real-time solar energy graphic website for FMSP participants
11. ARP Restructuring - Reach agreement on desired path of Members		Action item on Exec. Committee agenda for Sept. 17 meeting.
12. People - Development opportunities/cross training/Back-Up – at least 8		Development of 9 opportunities in Member Services, Public Relations, Accounts Payable, Financial and Rates Analyst, SCADA, Facilities, Human Resources and IT/OT.
- FMPA Fleet Team Sharing – 80 days		Total of 106 days FYTD. FMPA to Stock Island for 5 days and Treasure Coast for 4 days.

VERBAL REPORT

AGENDA ITEM 6 – SUNSHINE LAW UPDATE

**Board of Directors Meeting
September 17, 2020**

**AGENDA ITEM 7 – CONSENT
AGENDA**

- a. Approval of the Minutes for the
Meeting Held August 20, 2020**

**Board of Directors Meeting
September 17, 2020**

CLERKS DULY NOTIFIEDAUGUST 11, 2020
AGENDA PACKAGES POSTED.....AUGUST 11, 2020

**MINUTES
FMPA BOARD OF DIRECTORS MEETING
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
THURSDAY, AUGUST 20, 2020
9:00 A.M.**

MEMBERS PRESENT Lynne Mila, Clewiston (via telephone)
John Tompeck, Fort Pierce
Gary Baysinger, Gainesville * (via telephone)
Bob Page, Green Cove Springs (via telephone)
Howard McKinnon, Havana
Barbara Quinones, Homestead
Allen Putnam, Jacksonville Beach
Lynne Tejeda, Key West (via telephone)
Larry Mattern, Kissimmee
Ed Liberty, Lake Worth Beach (via telephone)
Michael Beckham, Lakeland (via telephone)
Brad Chase, Leesburg (via telephone)
Steve Langley, Mount Dora
Bill Conrad, Newberry
Joe Bunch, New Smyrna Beach * (via telephone)
Eric Weaver, Ocala
Claston Sunanon, Orlando
John Holman, Starke
James Braddock, Wauchula (via telephone)
Justin Isler, Winter Park

*joined after roll call.

OTHERS PRESENT Paul Jakubczak, Fort Pierce
Karen Nelson, Jacksonville Beach
Mike Staffopoulos, Jacksonville Beach
Craig Dunlap, Dunlap & Associates, Inc.
Ivette Sanchez, Power Engineers (via telephone)
Rafael Couret, Power Engineers (via telephone)

STAFF PRESENT Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and CLO
Ken Rutter, Chief Operating Officer
Linda S. Howard, Chief Financial Officer
Carol Chinn, Chief Information and Compliance Officer
Mark McCain, Assistant General Manager, Member Services
and Public Relations

Dan O'Hagan, Assistant General Counsel and Regulatory
Compliance Counsel
Rich Popp, Treasurer and Risk Director
Sue Utley, Executive Asst. /Asst. Secy. to the Board
Carter Manucy, Cybersecurity Manager
Sharon Adams, Human Resources Director
Cairo Vanegas, Manager of Member Services Development
Chris Gowder, Business Development and Planning Manager
Luis Cruz, Information Technology Manager
Isabel Montoya, Information Technology Intern
Susan Schumann, Manager of External Affairs and Solar Projects
David Schumann, Power Generation Fleet Director

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

Chair Barbara Quiñones, Homestead, called the Board of Directors meeting to order at 9:00 a.m. on Thursday, August 20, 2020, in the Frederick M. Bryant Board Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 18 members present representing 30.5 votes out of a possible 47.5. Gary Baysinger, Gainesville and Joe Bunch, New Smyrna Beach joined after roll call bringing the total members present to 20 representing 33 votes out of a possible 47.5.

ITEM 2 – Recognition of Guests

Chair Barbara Quiñones welcomed Mike Staffopoulos, Jacksonville Beach and Yvette Sanchez, Power Engineers.

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

None

ITEM 4 – SET AGENDA (by vote)

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 33 – 0.

ITEM 5 – REPORT FROM THE GENERAL MANAGER

Jacob Williams reported on the following items:

1. Goals Scorecard
2. California's rolling blackouts
3. Michael Shellenberger's book called Apocalypse Never (copied available to members)
4. Using WebEx compared to other video meeting offerings because FMPA can mute someone who has a lot of background noise so the meetings aren't interrupted

5. An update on the FPL transmission rate case
6. The State of the Agency dinner held the night before and the 5 to 7 year goal of \$70 per MWh; 60 SAIDI (average outage duration) and 50% CO₂ emissions from 2005 levels.

ITEM 6 – SUNSHINE LAW UPDATE

Dan O'Hagan reported on the NextEra / JEA Sunshine Law dispute regarding making the bids for JEA public record.

ITEM 7 – CONSENT AGENDA

- a. Approval of Minutes – Meeting Held July 29, 2020
- b. Approval of the Projects' Preliminary Financials as of June 30, 2020
- c. Approval of the Treasury Reports as of June 30, 2020

MOTION: Allen Putnam, Jacksonville Beach, moved approval of the Consent Agenda as presented. Howard McKinnon, Havana, seconded the motion. Motion carried 33 – 0.

ITEM 8 – ACTION ITEMS

- a. **Approval of FMPA's Compensation Policy Update**

MOTION: Howard McKinnon, Havana, moved approval of changes to FMPA's Compensation Policy. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 33 – 0.

ITEM 9 – INFORMATION ITEMS

- a. **Energy Storage Market Update**

Navid Nowakhtar presented an update on the energy storage market.

- b. **DEED Project Results: Achieving Reliability Improvements Using Single-Phase Reclosers**

Cairo Vanegas reported on the DEED projects results.

- c. **FMPA/Origis Letter Agreement Regarding Waiver of Interest on Performance Assurance**

Susan Schumann reported on the FMPA/Origis letter agreement regarding waiver of interest on performance assurance.

d. Review of Finance Committee Items

Linda S. Howard reported on the items from the Finance Committee.

ITEM 10 – MEMBER COMMENTS

Lynne Tejeda, Key West, thanked FMPA's IT team for helping Keys Energy Services with the IS Supervisor transition and for helping evaluate priorities in the IS department.

ITEM 11 – ADJOURNMENT

There being no further business, the meeting was adjourned at 11:01 a.m.

Barbara Quiñones
Chairperson, Board of Directors

Larry Mattern
Secretary

Approved: _____

Seal

BQ/LM/su

**AGENDA ITEM 7 – CONSENT
AGENDA**

- b. Approval of the Projects’
Preliminary Financials as of July
31, 2020**

**Board of Directors Meeting
September 17, 2020**



Linda S. Howard, CPA, CTP
Chief Financial Officer

AGENDA PACKAGE MEMORANDUM

TO: FMPA Board of Directors
FROM: Linda Howard
DATE: September 8, 2020
ITEM: 7b – Approval of Projects’ Financials as of July 31, 2020

Discussion: The summary financial statements and detailed financial statements, which include GASB #62 transactions, of the Projects for the period ended July 31, 2020 are posted on the Document Portal section of FMPA’s website.

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

LH/GF

**AGENDA ITEM 7 – CONSENT
AGENDA**

- c. Approval of the Treasury Reports
as of July 31, 2020**

**Board of Directors Meeting
September 17, 2020**



AGENDA PACKAGE MEMORANDUM

TO: FMPA Board of Directors
FROM: Gloria Reyes
DATE: September 8, 2020
ITEM: BOD 7(c) – Approval of Treasury Reports as of July 31, 2020

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

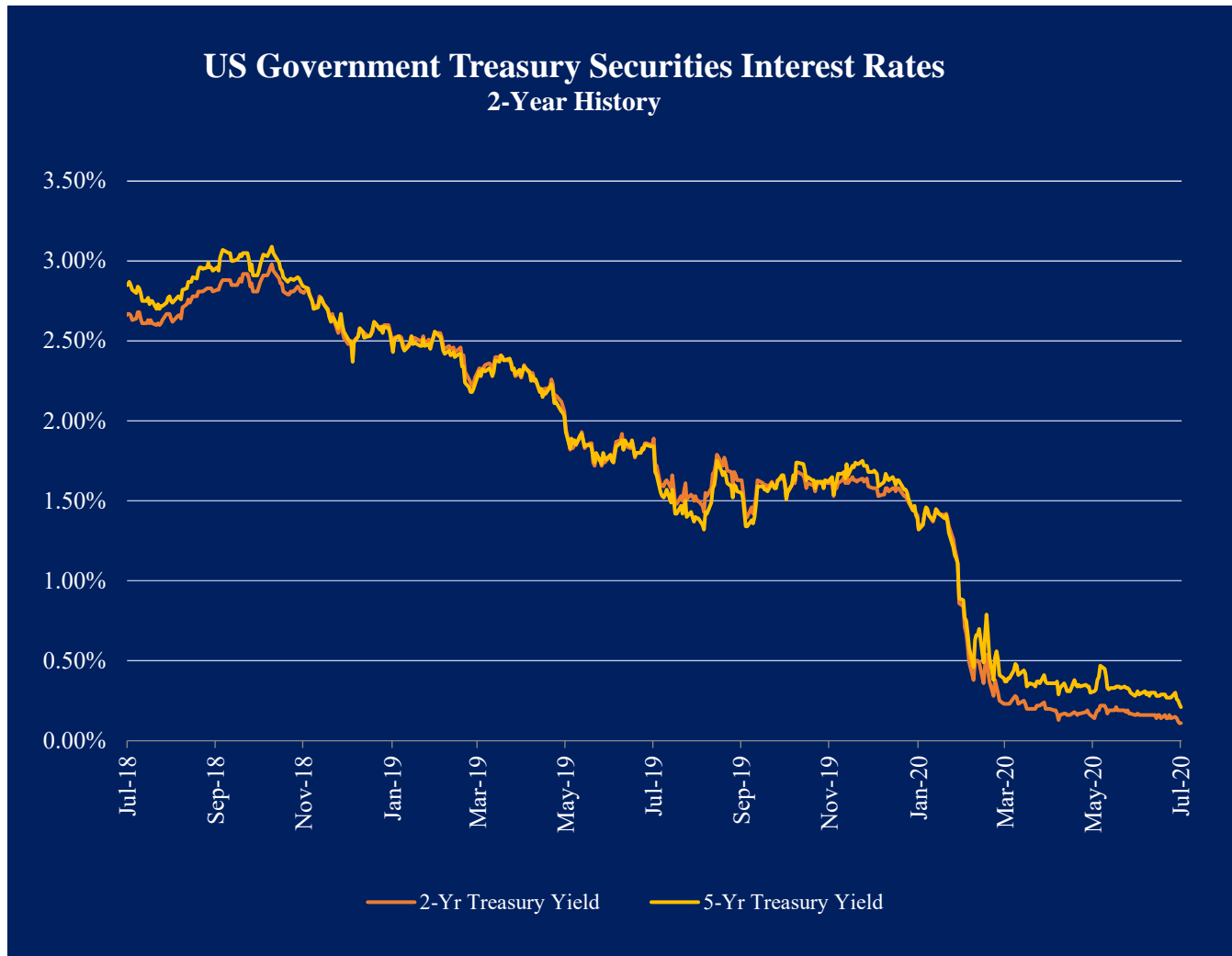
The Treasury Department reports for July are posted in the member portal section of FMPA's website.

Debt Discussion Below is a summary of the total debt outstanding and the percentage of debt that was fixed, variable or synthetically fixed with interest rate swaps as of July 31, 2020.

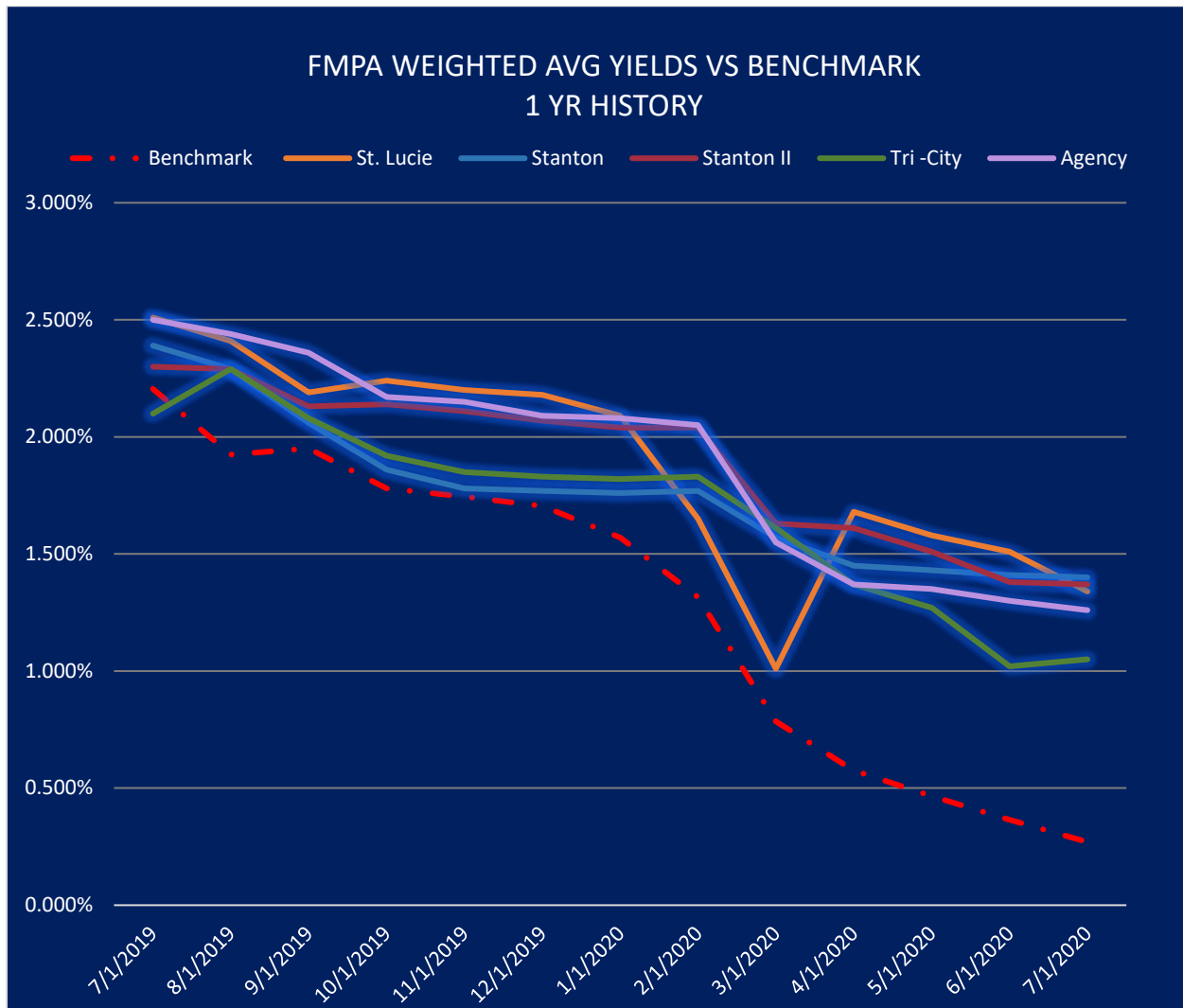
	Total debt Outstanding	Fixed Rate	Variable Rate	Synthetically Fixed
Agency	0.00	0%	0%	0%
St Lucie	117,135,000	100%	0%	0%
Stanton	0.00	0%	0%	0%
Stanton II	107,814,000	100%	0%	0%
Tri City	0.00	0%	0%	0%

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

Below is a graph of daily US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of July at .11%. The yellow line is the 5-year Treasury which was .21%.



The weighted average yields on investments earned as of July 31, 2020 in the Projects, along with their benchmark (Average of Florida Prime Fund and 2-year treasury), are as follows:



Recommended
Motion

Move approval of the Treasury Reports for July 31, 2020.

AGENDA ITEM 8 – ACTION ITEMS

- a. Approval of FMPA/Origis Letter Agreement Regarding Waiver of Interest on Performance Assurance**

**Board of Directors Meeting
September 17, 2020**



BOD 8a EC 8a – Approval of FMIPA/Origis Letter Agreement Regarding Waiver of Interest on Performance Assurance

Board of Directors
Executive Committee
September 17, 2020

Solar II Power Purchase Agreements

Origis has paid Performance Assurance to FMPA

- Pursuant to Section 9.3(a), Origis (Seller) has paid to FMPA Performance Assurance of \$3,745,000 in the form of cash as required by the PPAs. Section 9.3.(a) reads as follows:
 - 9.3(a) Seller's Performance Assurance. Seller agrees to deliver to Buyer and thereafter maintain in full force and effect for the remainder of the Term, Performance Assurance in the amount of twenty-five thousand dollars per MW (\$25,000/MW) of Buyer's Share of the Expected Project Capacity or Installed Capacity, as applicable, within thirty (30) Days following the Effective Date.

PPA Provision to Pay Interest at Prime Rate

Unintended financial loss for Solar II Participants

- Section 9.3(d) currently requires FMPA (Buyer) to pay interest on cash held at Prime Rate, which is higher than interest actually earned. Section 9.3(d) reads as follows:
 - 9.3(d) A PA Beneficiary shall pay interest on cash held as Performance Assurance at the Prime Rate

FMPA holds the Performance Assurance for the solar participants in an interest bearing account; ***however, those accounts earn less than the Prime Rate.*** If un-waived, **Section 9.3(d) would result in a net loss** to the Solar II Participants when the Performance Assurance cash is to be returned to Origis.

Mutual Waiver of Section 9.3(d) Is Proposed

Agreement retroactive to include funds already provided

- Letter Agreement:
 - Each Party waives Section 9.3(d) requirement
 - Each Party shall pay ***only the interest actually earned***
- ***Waiver*** of provision
 - Not amendment or revised interpretation of PPA
 - Resulting provision is reciprocal, fair, and equal to both parties
- Approval of all 12 Solar II Participants required/received

Florida Municipal Solar Project

Phase II Participants

Solar II Project	Total Power Share (MW)	Percentage Share
Homestead	5	9.337
Lake Worth Beach	26.55	49.580
Mount Dora	2	3.735
New Smyrna Beach	10	18.674
Winter Park	10	18.674
TOTAL	53.55 MW	100%

ARP Solar II Participants	Total Power Share (MW)	Percentage Share
Beaches Energy (Jacksonville Beach)	15	15.584
Fort Pierce Utilities Authority	15	15.584
Havana	0.25	0.260
Keys Energy (Key West)	25	25.974
Kissimmee Utility Authority	20	20.779
Newberry	1	1.039
Ocala	20	20.779
TOTAL	96.25 MW	100%

Proposed Motion

Approval Required by Board and Executive Committee

- Move to approve execution of FMPA-Originis Letter Agreement:
 - (1) waiving Section 9.3(d) PPA provision that interest on Performance Assurance funds shall be paid at Prime Rate; and
 - (2) agreeing that each Party shall pay only the interest actually earned.

[date]

Johan Vanhee
Chief Commercial Officer & Chief Procurement Officer
Origis Energy
800 Brickell Avenue
Suite 1100
Miami, FL 33131

Dear Johan,

The purpose of this letter is to memorialize the understanding among the Florida Municipal Power Agency (“FMPA”) – All-Requirements Power Supply Project, the FMPA Solar Project, and Origis Energy (on behalf of Sellers) regarding the interest rate on Performance Assurance payable under the Solar Power Purchase Agreements (listed below) among the Parties. Capitalized terms used in this letter agreement have the meaning ascribed in the Solar Power Purchase Agreements unless otherwise stated.

The parties have previously entered into the following agreements:

- The Solar Power Purchase Agreement between Florida Municipal Power Agency [ARP] as Buyer and FL Solar 7, LLC as Seller, dated as of December 12, 2019;
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [Solar Project] as Buyer and FL Solar 7, LLC as Seller, dated as of December 12, 2019;
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [ARP] as Buyer and FL Solar 8, LLC as Seller, dated as of December 12, 2019; and
- The Solar Power Purchase Agreement between Florida Municipal Power Agency [Solar Project] as Buyer and FL Solar 8, LLC as Seller, dated as of December 12, 2019.

Pursuant to Section 9.3(a) of each of the above Solar Power Purchase Agreements, Seller has paid FMPA Performance Assurance in the form of cash in an amount required by the Agreements.

Pursuant to Section 9.3(d) of each Solar Power Purchase Agreement, FMPA is required to pay interest on cash held at the Prime Rate.

The parties recognize the FMPA does not earn the Prime Rate on the Performance Assurance cash. Therefore, as evidenced by the signatures below, each Party hereby waives its respective right under Section 9.3(d) of each Solar Power Purchase Agreement to receive the Prime Rate on any cash Performance Assurance it has provided or may hereafter provide to the other Party, and the Parties agree that, notwithstanding Section 9.3(d) of the Solar Power Purchase Agreements, each Party shall be required to pay the other Party only the interest actually earned by the recipient Party on its investment of the cash Performance Assurance. This obligation shall be retroactive to the date FMPA received the Performance Assurance cash from Origis. If requested by a Party, the Party holding cash Performance Assurance shall provide evidence to demonstrate such interest actually earned.

Except as expressly set forth in this letter agreement, the Solar Power Purchase Agreements, and the Parties' obligations thereunder, are not amended or affected in any way. Pursuant to Section 19.4 of the Solar Power Purchase Agreements, the mutual waiver of Section 9.3(d) of such agreements hereunder shall not be deemed a waiver with respect to any other matter.

[Signature page follows]

By signing below, the parties agree to the foregoing effective as of the date last executed below.

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

_____ Date: _____
Jacob Williams
General Manager & CEO

ORIGIS ENERGY

_____ Date: _____
Johan Vanhee
Chief Commercial Officer & Chief Procurement Officer

AGENDA ITEM 8 – ACTION ITEMS

- b. Approval of Resolution 2020-B4 –
Budget Amendment for Tri-City
Project**

**Board of Directors Meeting
September 17, 2020**



BOD 8b – Approval of Resolution 2020-B4 for FY 2020 Tri-City Project Budget Amendment

FMIPA Board of Directors

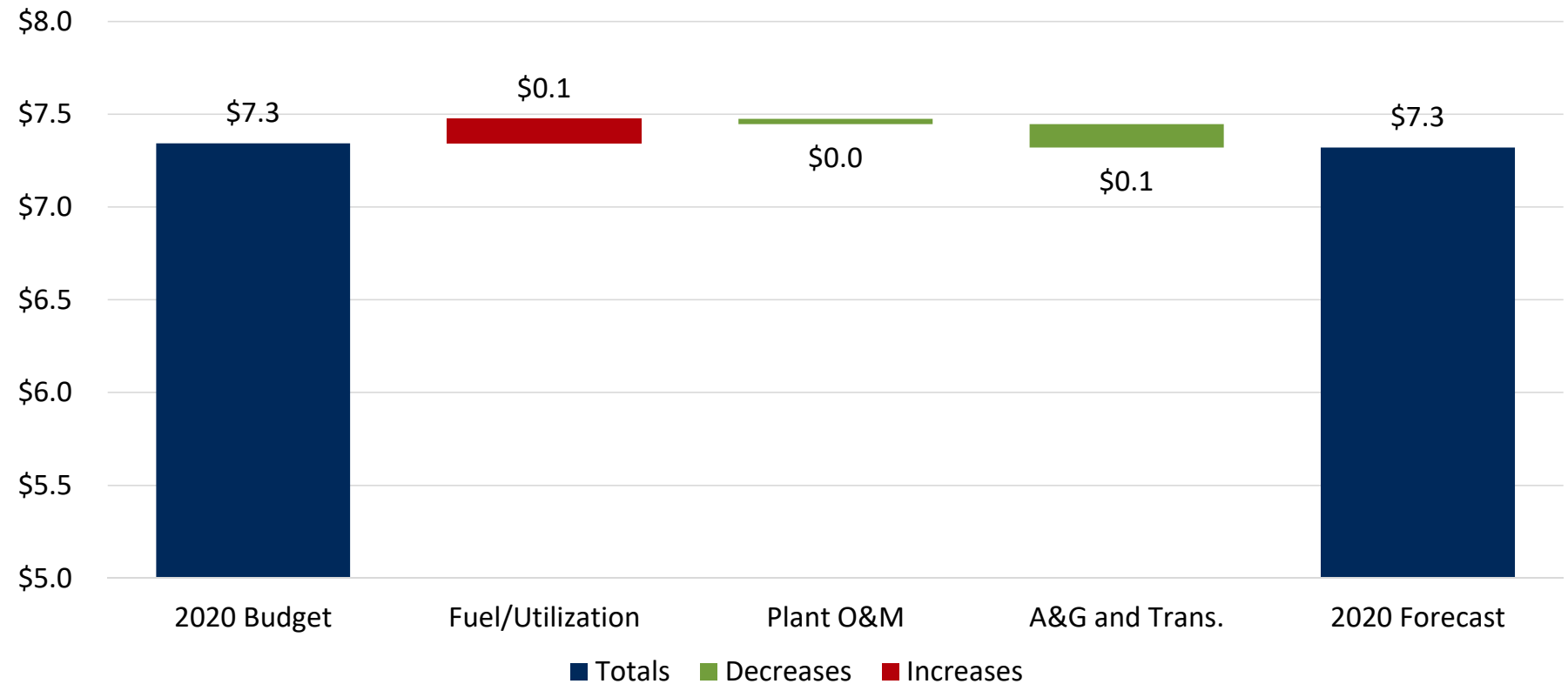
September 8, 2020

Summary

- Tri-City Project expenses projected to end FY 2020 within 0.5% of approved spending authority
- Higher \$/MWh fuel costs than expected are driving fuel expense > budget, offsetting other cost savings
- \$200k additional spending authority requested to cover risk that actual expenses exceed projections
- Additional approved amounts would only be billed to Project Participants if the expenses are actually incurred

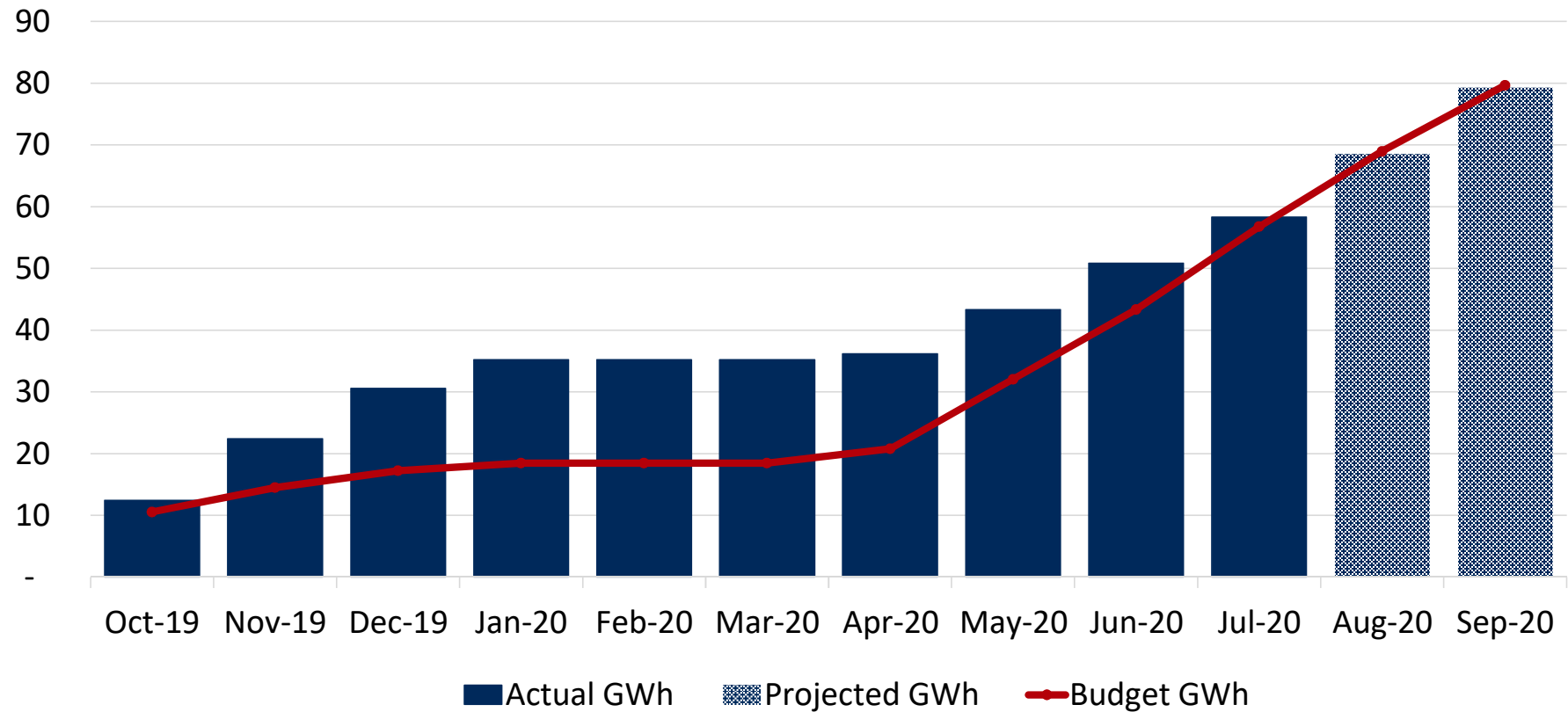
Fuel Costs Projected Slightly Over Budget, but Savings in Other Areas Leads to Year-End Forecast ~ Budget

Tri-City Project – FY 2020 Budget vs. Forecast Expenses (\$Millions)



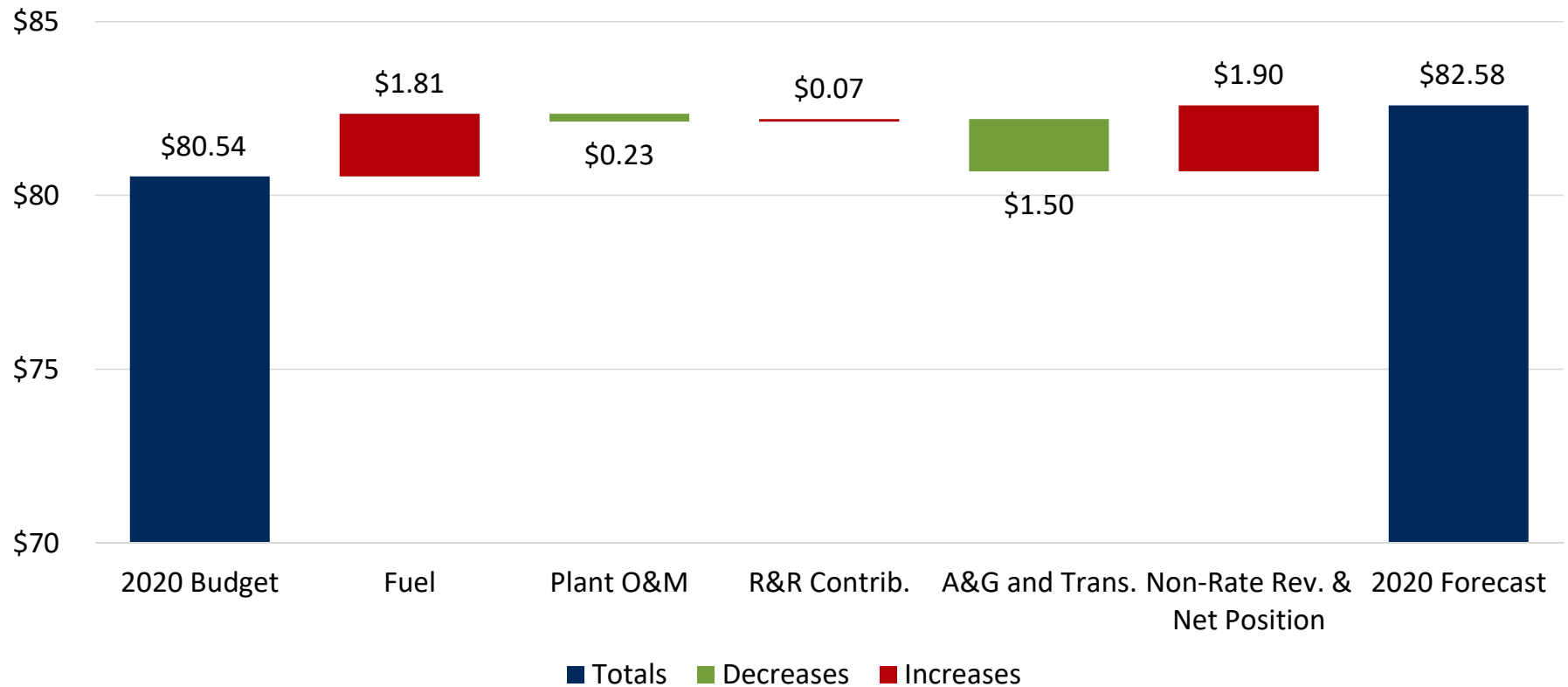
Tri-City Project Generation Projected ~ Budget

Tri-City Project FY 2020 Cumulative Generation (GWh)



Year End Forecast Participant Costs ~\$2/MWh > Budget

Tri-City Project – FY 2020 Budget vs. Forecast Participant Cost (\$/MWh)



Recommended Motion

- Move approval of Resolution 2020-B4 to increase the FY 2020 Tri-City Project budget spending authority by \$200,000.

RESOLUTION OF THE BOARD OF DIRECTORS OF FLORIDA MUNICIPAL POWER AGENCY: (I) AMENDING THE TRI-CITY PROJECT BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019, AND ENDING SEPTEMBER 30, 2020; (II) ADOPTING THE AMENDED BUDGET FOR THE TRI-CITY PROJECT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019, AND ENDING SEPTEMBER 30, 2020; AND (III) PROVIDING AN EFFECTIVE DATE.

Whereas, pursuant to resolution 2019-B5 adopted on June 20, 2019, the Board of Directors adopted the Tri-City Project budget for the fiscal year beginning October 1, 2019, and ending September 30, 2020 ("**Fiscal Year 2020**") authorizing total expenditures of \$7,343,000;

Whereas, pursuant to Section III of resolution 2019-B5, a proposed amendment to the Fiscal Year 2020 budget for the Tri-City Project has been duly submitted to the Board of Directors for approval; and

Whereas, the Board of Directors hereby finds and determines that the proposed budget amendment of \$200,000 is needed to adjust expenditures for higher-than-expected levels of per MWh fuel costs.

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

SECTION I. **Amendment to Tri-City Project Budget.** The Tri-City Project budget for Fiscal Year 2020 is hereby amended from total expenses of \$7,343,000 to total expenses of \$7,543,000.

SECTION II. **Adoption of Budget Amendment.** The Tri-City Project budget for Fiscal Year 2020 as amended by Section I above is hereby approved and adopted.

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

This Resolution 2020-B4 is hereby approved and adopted by the Board of Directors of the Florida Municipal Power Agency on September 17, 2020.

Chairman, Board of Directors

I HEREBY CERTIFY that on September 17, 2020, the above Resolution 2017-B4 was approved and adopted by the Board of Directors of the Florida Municipal Power Agency, and that this is a true and conformed copy of Resolution 2020-B4.

ATTEST:

Secretary or Assistant Secretary

SEAL

AGENDA ITEM 8 – ACTION ITEMS

c. Approval of Investment Risk Management Policy Changes

**Board of Directors Meeting
September 17, 2020**



BOD:8c EC:8f – Approval of Investment Risk Management Policy Changes

BOD & Executive Committee

September 17, 2020

Investment Risk Management Policy

Major Areas Covered

- Investment Objectives:
 - Safety
 - Liquidity
 - Return
- Investments limited by
 - Type
 - Length
 - Credit Rating

Investment Policy Changes

Improved Clarity And Updated For New FMPA Projects

- Operating and Maintenance Account length of investment
 - Remove depends on cash-flow needs
 - Replace with duration limit of 1.00 on the O&M funds.
 - Duration is a calculation of how long the weighted average of investments will mature
- Corporate Bonds and Notes
 - Credit Rating was stated as “A”
 - Change Credit Rating to “A” without regards to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.
- Included Pooled Loan and Solar Projects



Discussion

Recommended Motion

Move approval of Investment Risk Management Policy changes.

FLORIDA MUNICIPAL POWER AGENCY RISK MANAGEMENT POLICY - APPENDIX C

INVESTMENT RISK MANAGEMENT POLICY

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INVESTMENT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

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

1.0 Policy Statement

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

It is the Policy of the EC and BOD that:

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

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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

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

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

2.0 Scope

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

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

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

3.0 Types of Investment Risk

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

3.1 Credit Risk:

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

3.2 Liquidity Risk:

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

4.0 Investment Objectives

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

4.1 Safety:

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

4.2 Liquidity:

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

4.3 Return:

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

5.0 Authorized and Suitable Investment Securities

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

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

5.1 Authorized Financial Institutions, ~~Depositories~~^[RP2], and Broker/Dealers:

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

5.2 Method of Selection:

FMPA shall select securities ~~which that~~ provide the highest rate of return within the risk parameters of this ~~Policy~~^{Policy}, given the current objectives, diversification, cash-~~flow~~^[LH3]-needs, and maturity requirements. Selection of securities shall be made using either competitive bids, wherein FMPA solicits proposals from at least three firms; or comparison to the current market price as indicated by one of the market pricing resources available, including but not limited to Bloomberg. Records will be kept of the bids or offers, the bids or offers accepted and if necessary a brief explanation of the decision which was made regarding the investment.

5.3 Maximum Maturities:

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

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

Fund/Account	Invested to Mature as Shown
<i>Operations and Maintenance Fund</i>	
1. Operations and Maintenance Account	The month-end duration of the Account will be less than 1.00. Within 12 months from investment date. (Depends on cash flow needs)
2. Working Capital Account	Within 5 years.
3. Rate Stabilization Account	Within 5 years.
<i>Debt Service Fund</i>	
1. Debt Service Account	Not later than when needed for payment to be made from such Account.
2. Debt Service Reserve	Not later than the final maturity date of any Bonds that are outstanding.
3. Subordinated Debt Fund	Not later than when needed for payment to be made from such Account.
<i>Construction Fund or Proceeds Fund</i>	Not later than when needed for payments to be made from such fund.
<i>Reserve and Contingency Fund</i>	
1. Contingency Account	Within 5 years <u>or when needed to make payments.</u>
2. Renewal and Replacement	Within 5 years <u>or when needed to make payments.</u>
<i>General Reserve Fund</i>	
1. General Reserve Account	Within 5 years or when needed to make payments.
<i>Decommissioning</i>	Not later than when needed. (Applicable only to St. Lucie)

5.4 Collateralization:

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

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

5.5 Diversification:

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

Diversification by Investment Type:	Percentage at time of purchase:
US Treasury Obligations	100%
Municipal Bonds (including FSA/FDA) ⁽⁴⁾	100%
US Gov. Agency and US Gov. Sponsored Instrumentality	100%
Banker’s Acceptances	50%
Commercial Paper	50%
Corporate Bonds and Notes (A or above)	20%
Florida Local Government Surplus Fund Trust Fund (SBA)	50%
Local Government Investment Pools	25%
Collateralized CDs and Time Deposits	25%
Money Market Mutual Funds	25%
Repurchase Agreements	20%
Guaranteed Investment Contracts (GICs)	15%*
Or as approved by the EC or BOD	

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

~~(1) Beginning with Version 5 of the Investment Policy, at time of purchase and measured monthly thereafter no more than 25% of total investments, exclusive of the FSA and FDA investments, can be from the same state, regardless of bond structure. Current investment portfolio, at adoption of this Policy revision is grandfathered; Treasury is not required to sell current portfolio to get to 25%, but cannot acquire more, if current portfolio is already to the 25% limit.~~

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

Diversification by Geographic Location:

Percentage of Portfolio

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

5.5.1 Exceptions:

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

6.0 Custody

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

All securities purchased by FMPA will be properly designated as an asset of the Agency or its Projects and held by a third party Custodial or Trustee institution. The Custodial or Trustee institution shall annually (each fiscal year) provide a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16)). The Treasurer and Risk Director or designated Treasury Staff will provide this report, upon receipt, to the CFO.

7.0 Benchmarking Performance

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

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

8.0 Internal Controls and Ethics

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

The CFO and the Treasurer and Risk Director, or their designees, may do placement of funds. Accounting staff will not have any responsibility for investing funds. Further internal controls are established in the Investment Procedures to address safekeeping, repurchase agreement, collateral/depository agreements, banking service contracts, delivery vs. payment procedures, and separation of transaction authority from accounting and record-keeping, and may include security controls contained within Treasury software programs.

The Agency ~~Risk-Audit~~ Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management

Policy and adequately mitigate all applicable risks. If, after review, the Agency ~~Risk-Audit~~ Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

8.1 Policy and Procedure Compliance

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

8.2 External Parties

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

8.3 Continuing Education

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

9.0 Reporting

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

The CFO shall cause any deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

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

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

AGENCY: Florida Municipal Power Agency.

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

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

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

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

BROKER-DEALER: A broker-dealer firm is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of its customers (as broker), for its account (as a dealer), or both.

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

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

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

CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements,

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.

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

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

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

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

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

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

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

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

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

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM ("FED"): The Central Bank of the United States created by Congress and composed of the presidentially appointed Board of Governors in

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Washington, D.C., the Federal Open Market Committee, 12 Regional Federal Reserve Banks, numerous private U.S. member banks, and various advisory councils.

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

FREE DELIVERY: See "Delivery versus Receipt".

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):

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

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

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

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

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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

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

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

NASD: National Association of Securities Dealers.

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

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

PAR VALUE: See "Face Value".

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

PORTFOLIO: Collection of securities held by an investor.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

PROJECTS: St Lucie, Stanton, All-Requirements, Tri-City, Stanton II, Pooled Loan, and Solar I & II

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

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

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

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

REPURCHASE AGREEMENT (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on a specified later date.

RIDING THE YIELD CURVE: Buying long-term bonds in anticipation of capital gains as yields fall with the declining maturity of the bonds.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

SEC RULE 15C3-1: See "Uniform Net Capital Rule".

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES ACT OF 1933: A federal law for the purpose of protecting the public in the issuance and distribution of securities by requiring full disclosure by the issuer.

SECURITIES AND EXCHANGE COMMISSION: The government agency responsible for regulating and supervising the securities industry.

SECURITIES EXCHANGE ACT OF 1934: A federal law for the purpose of protecting the public in the trading of securities on the stock exchanges and the over-the-counter market.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the yield curve.

TWO HIGHEST CREDIT RATING CATEGORIES: For long-term debt the two highest rating categories, namely AAA and AA, without regard to any gradation of that rating by a numerical, symbol or other such modifier however done by any of the different Rating Agencies. See table below. The two highest credit rating categories are highlighted. Likewise, short-term ratings of the two highest categories by rating firm are also highlighted. Table of ratings categories; partial listing of upper portion of complete table as herein needed:

Moody's		S&P		Fitch	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Aaa	P-1	AAA	A-1+	AAA	F1+

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Aa1	P-1	AA+	A-1+	AA+	F1+
Aa2	P-1	AA	A-1+	AA	F1+
Aa3	P-1	AA-	A-1+	AA-	F1+
A1	P-1	A+	A-1	A+	F1
A2	P-1	A	A-1	A	F1
A3	P-2	A-	A-2	A-	F2
Baa1	P-2	BBB+	A-2	BBB+	F2

Please note, the table shown above is just the relevant part of a comprehensive ratings table in order to clarify the Investment Risk Management Policy meaning for the term “two highest credit rating categories.”

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

INVESTMENT RISK MANAGEMENT POLICY
Glossary of Terms
(Continued)

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

Agency, All Requirements, St. Lucie, Stanton, Stanton II and Tri-City, Pooled Loan and Solar I & II Projects

Authorized Investments		Credit Rating/Security/Collateral
1.	U.S. Gov. obligations including Federal Agencies unconditionally guaranteed by the U.S. Govt.	Guaranteed by the U. S. Government.
2.	Non-callable bonds or other obligations of any U.S. State, Agency, Instrumentality or local Gov. unit.	Guaranteed by cash or U.S. Gov. securities or rated in the highest category by a nationally recognized bond rating agency.
3.	Bonds, debentures or other indebtedness issued or guaranteed issued by any Agency or Instrumentality of the United States of America.	Issued or guaranteed by any agency or corporation of the U.S. Gov.
4.	New Housing Authority Bonds and Project notes fully secured.	Fully secured by payment agreement with U.S. Gov.
5.	Direct and general obligations of any State, Agency or Instrumentality of the U. S. or any agency, instrumentality or local government.	Rated in either of the two highest credit rating categories.
6.	Obligations of any state agency or instrumentality of the U.S. Gov.	Rated in either of the two highest credit rating categories.
7.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
8.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Guaranteed by the U.S. Gov.
9.	Certificates of deposit and banker's acceptance of the 50 largest banks in the U.S. or commercial paper issued by the parent holding company.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
10.	Commercial Paper other than that issued by a bank holding co.	Rated in the highest rating category or issued by a U.S. Corp. which has an unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
11.	Repurchase agreements with banks or trust companies.	Banks with combined capital of no less than \$50 million or primary dealer secured by securities described under 1, 3, 4, 9, or 10 above.
12.	Shares of Investment Companies organized under Inv. Co. Act 1940, which invests its assets exclusively in obligations described above, under 1, 6, 9, 10, or 11.	
13.	Local Gov. Surplus Trust Fund of the State of Florida.	
15.	Money Market Funds.	Rated in the highest category of comparable types of obligations.
16.	Investment agreements or guaranteed investment contracts.	Rated in the highest credit rating category.
17.	CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.	<u>Minimum Rated A -without regard to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.</u> or RP4 above

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

(Continued)

Decommissioning Funds - St. Lucie Unit No. 2

Authorized Investments		Credit Rating/Security/Collateral
1.	Securities or other obligations of the Federal, State government or any agency or instrumentality.	
2.	Time deposits or demand deposits of the Trustee.	Insured by an agency of the Federal Gov.
3.	Forward delivery agreements.	Guaranteed by any agency of the U.S. Gov.
4.	In accordance with instructions from FMPA subject to the provisions of Section 5 of the Trust Fund Agreement.	

Investment Risk Management Policy

Appendix B

Flow of Funds Under the Resolution

Pursuant to the Resolution, all revenues are deposited with FMPA to the credit of the Revenue Fund established under the Bond Resolution. In each month, funds are to be first transferred from the Revenue Fund to the Operation and Maintenance Fund (i) for credit to the Operation and Maintenance account in the amount, if any, required so that the balance credited to said Account shall equal the amount necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount budgeted therefore, and (iii) for credit to the Rate Stabilization Account in the amount, if any, budgeted therefore. After these transfers from the Revenue Fund, FMPA will make in each month the following deposits from the Revenue Fund in the order of priority set forth below:

First, to the Debt Service Account held by the Trustee, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds to the end of the then current calendar month) shall equal the Accrued Aggregate Debt Service;

Second, to the Debt Service Reserve Account held by the Trustee (and each sub account therein), after giving effect to any surety bond, insurance policy, letter of credit or other obligation deposited therein pursuant to the terms of the Resolution, the amount required to be deposited into such Account in such month to make up any deficiency in the Debt Service Reserve Requirement;

Third, to the Subordinated Debt Fund held by FMPA for credit to the various accounts therein, including the Offered Securities Account, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt (including the Offered Securities) and reserves therefore, as required by the supplemental Bond Resolution authorizing such issue of Subordinated Debt;

Fourth, to the Reserve and Contingency Fund held by FMPA (a) for credit to the Renewal and Replacement Account, the amount budgeted therefore, and (b) for credit to the Contingency Account the amount required for such account to equal the Contingency Requirement;

Fifth, for deposit to the Decommissioning Fund (which is not pledged to the Offered Securities), the amount budgeted therefore; (applicable for St. Lucie Project) and

Sixth, for credit to the General Reserve Fund held by FMPA, any remaining monies in the Revenue Fund.

Investment Risk Management Policy

Appendix C

Reporting Calendar

Florida Municipal Power Agency Risk Management Reporting Calendar Investment Risk Management Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Security Ratings Compliance	Monthly	Treasurer and Risk Director	Section 5.0	Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities Authorized and Suitable Investment Securities
Financial Condition	Annually	Treasurer and Risk Director	Section 5.1	Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, and Broker/Dealers: Authorized Financial Institutions, Depositories, and Broker/Dealers:
Diversification Percentage	Monthly	Treasurer and Risk Director	Section 5.5	Diversification: Diversification: Diversification: Diversification:

SSAE 16 Report for Trustees and Custodians	Annually	Treasurer and Risk Director	Section 6.0	<u>CustodyCustodyCustodyCustody</u>
Policy Compliance Deviations	As Needed	Agency Risk <u>Manager</u> Audit <u>Manager</u>	Section 8.1	<u>Policy and Procedure</u> Compliance <u>Policy and Procedure</u> Compliance <u>Policy and Procedure</u> Compliance <u>Policy and Procedure</u> Compliance
Investment Reports	EC/BOD meetings	Treasurer and Risk Director	Section 9.0	<u>ReportingReportingReportingReporting</u>
Policy Operation and Effectiveness	Annually	FC	Section 9.0	<u>ReportingReportingReportingReporting</u>

**FLORIDA MUNICIPAL POWER AGENCY
RISK MANAGEMENT POLICY - APPENDIX C**

INVESTMENT RISK MANAGEMENT POLICY

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INVESTMENT RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

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

1.0 Policy Statement

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

It is the Policy of the EC and BOD that:

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

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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

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

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

2.0 Scope

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

FMPA may appoint an outside investment manager as "Agent" for the Agency's cash and investment reserves. The outside investment manager must meet the requirements detailed in the Investment Procedures.

3.0 Types of Investment Risk

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

3.1 Credit Risk:

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

3.2 Liquidity Risk:

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

4.0 Investment Objectives

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

4.1 Safety:

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

4.2 Liquidity:

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

4.3 Return:

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

5.0 Authorized and Suitable Investment Securities

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

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

5.1 Authorized Financial Institutions, and Broker/Dealers:

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

5.2 Method of Selection:

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

5.3 Maximum Maturities:

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

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

Fund/Account	Invested to Mature as Shown
<i>Operations and Maintenance Fund</i>	
1. Operations and Maintenance Account	The month-end duration of the Account will be less than 1.00.
2. Working Capital Account	Within 5 years.
3. Rate Stabilization Account	Within 5 years.
<i>Debt Service Fund</i>	
1. Debt Service Account	Not later than when needed for payment to be made from such Account.
2. Debt Service Reserve	Not later than the final maturity date of any Bonds that are outstanding.
3. Subordinated Debt Fund	Not later than when needed for payment to be made from such Account.
<i>Construction Fund or Proceeds Fund</i>	Not later than when needed for payments to be made from such fund.
<i>Reserve and Contingency Fund</i>	
1. Contingency Account	Within 5 years or when needed to make payments.
2. Renewal and Replacement	Within 5 years or when needed to make payments.
<i>General Reserve Fund</i>	
1. General Reserve Account	Within 5 years or when needed to make payments.
<i>Decommissioning</i>	Not later than when needed. (Applicable only to St. Lucie)

5.4 Collateralization:

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

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

5.5 Diversification:

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

Diversification by Investment Type:	Percentage at time of purchase:
US Treasury Obligations	100%
Municipal Bonds ¹	100%
US Gov. Agency and US Gov. Sponsored Instrumentality	100%
Banker's Acceptances	50%
Commercial Paper	50%
Corporate Bonds and Notes (A or above)	20%
Florida Local Government Surplus Fund Trust Fund (SBA)	50%
Local Government Investment Pools	25%
Collateralized CDs and Time Deposits	25%
Money Market Mutual Funds	25%
Repurchase Agreements	20%
Guaranteed Investment Contracts (GICs)	15%
Or as approved by the EC or BOD	

INVESTMENT RISK MANAGEMENT POLICY
(Continued)

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

Diversification by Geographic Location:	Percentage of Portfolio
Within individual state	Not more than 25%

5.5.1 Exceptions:

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

6.0 Custody

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

All securities purchased by FMFA will be properly designated as an asset of the Agency or its Projects and held by a third party Custodial or Trustee institution. The Custodial or Trustee institution shall annually (each fiscal year) provide a copy of their most recent report on internal controls (Statement on Standards for Attestation Engagements No. 16 (SSAE 16)). The Treasurer and Risk Director or designated Treasury Staff will provide this report, upon receipt, to the CFO.

7.0 Benchmarking Performance

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

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

8.0 Internal Controls and Ethics

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

The CFO and the Treasurer and Risk Director, or their designees, may do placement of funds. Accounting staff will not have any responsibility for investing funds. Further internal controls are established in the Investment Procedures to address safekeeping, repurchase agreement, collateral/depository agreements, banking service contracts, delivery vs. payment procedures, and separation of transaction authority from accounting and record-keeping, and may include security controls contained within Treasury software programs.

The Agency Audit Manager shall be responsible to review all documented internal controls and procedures established to ensure they comply with the FMPA Risk Management Policy

and adequately mitigate all applicable risks. If, after review, the Agency Audit Manager identifies areas of concern, the documented internal controls weakness(s) will be communicated to the CFO and FC as appropriate.

8.1 Policy and Procedure Compliance

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

8.2 External Parties

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

8.3 Continuing Education

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

9.0 Reporting

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

The CFO shall cause any deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual

INVESTMENT RISK MANAGEMENT POLICY

(Continued)

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

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

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

AGENCY: Florida Municipal Power Agency.

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

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

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

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

BROKER-DEALER: A broker-dealer firm is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of its customers (as broker), for its account (as a dealer), or both.

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

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

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

CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements,

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.

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

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

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

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

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

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

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

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

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

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM ("FED"): The Central Bank of the United States created by Congress and composed of the presidentially appointed Board of Governors in

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Washington, D.C., the Federal Open Market Committee, 12 Regional Federal Reserve Banks, numerous private U.S. member banks, and various advisory councils.

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

FREE DELIVERY: See "Delivery versus Receipt".

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):

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

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

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

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

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

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

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

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

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

NASD: National Association of Securities Dealers.

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

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

PAR VALUE: See "Face Value".

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

PORTFOLIO: Collection of securities held by an investor.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

PROJECTS: St Lucie, Stanton, All-Requirements, Tri-City, Stanton II, Pooled Loan, and Solar I & II

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

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

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

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

REPURCHASE AGREEMENT (RP OR REPO): An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on a specified later date.

RIDING THE YIELD CURVE: Buying long-term bonds in anticipation of capital gains as yields fall with the declining maturity of the bonds.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

SEC RULE 15C3-1: See "Uniform Net Capital Rule".

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES ACT OF 1933: A federal law for the purpose of protecting the public in the issuance and distribution of securities by requiring full disclosure by the issuer.

SECURITIES AND EXCHANGE COMMISSION: The government agency responsible for regulating and supervising the securities industry.

SECURITIES EXCHANGE ACT OF 1934: A federal law for the purpose of protecting the public in the trading of securities on the stock exchanges and the over-the-counter market.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the yield curve.

TWO HIGHEST CREDIT RATING CATEGORIES: For long-term debt the two highest rating categories, namely AAA and AA, without regard to any gradation of that rating by a numerical, symbol or other such modifier however done by any of the different Rating Agencies. See table below. The two highest credit rating categories are highlighted. Likewise, short-term ratings of the two highest categories by rating firm are also highlighted. Table of ratings categories; partial listing of upper portion of complete table as herein needed:

Moody's		S&P		Fitch	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Aaa	P-1	AAA	A-1+	AAA	F1+

INVESTMENT RISK MANAGEMENT POLICY

Glossary of Terms

(Continued)

Aa1	P-1	AA+	A-1+	AA+	F1+
Aa2	P-1	AA	A-1+	AA	F1+
Aa3	P-1	AA-	A-1+	AA-	F1+
A1	P-1	A+	A-1	A+	F1
A2	P-1	A	A-1	A	F1
A3	P-2	A-	A-2	A-	F2
Baa1	P-2	BBB+	A-2	BBB+	F2

Please note, the table shown above is just the relevant part of a comprehensive ratings table in order to clarify the Investment Risk Management Policy meaning for the term “two highest credit rating categories.”

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

Agency, All Requirements, St. Lucie, Stanton, Stanton II and Tri-City, Pooled Loan and Solar I & II Projects

Authorized Investments		Credit Rating/Security/Collateral
1.	U.S. Gov. obligations including Federal Agencies unconditionally guaranteed by the U.S. Govt.	Guaranteed by the U. S. Government.
2.	Non-callable bonds or other obligations of any U.S. State, Agency, Instrumentality or local Gov. unit.	Guaranteed by cash or U.S. Gov. securities or rated in the highest category by a nationally recognized bond rating agency.
3.	Bonds, debentures or other indebtedness issued or guaranteed issued by any Agency or Instrumentality of the United States of America.	Issued or guaranteed by any agency or corporation of the U.S. Gov.
4.	New Housing Authority Bonds and Project notes fully secured.	Fully secured by payment agreement with U.S. Gov.
5.	Direct and general obligations of any State, Agency or Instrumentality of the U. S. or any agency, instrumentality or local government.	Rated in either of the two highest credit rating categories.
6.	Obligations of any state agency or instrumentality of the U.S. Gov.	Rated in either of the two highest credit rating categories.
7.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
8.	Certificates that evidence ownership of the right to payment as long as those securities are those described above, under 1, and are held by a trust company or bank.	Guaranteed by the U.S. Gov.
9.	Certificates of deposit and banker's acceptance of the 50 largest banks in the U.S. or commercial paper issued by the parent holding company.	Unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
10.	Commercial Paper other than that issued by a bank holding co.	Rated in the highest rating category or issued by a U.S. Corp. which has an unsecured, uninsured and unguaranteed debt issue ranked in the two highest rating categories.
11.	Repurchase agreements with banks or trust companies.	Banks with combined capital of no less than \$50 million or primary dealer secured by securities described under 1, 3, 4, 9, or 10 above.
12.	Shares of Investment Companies organized under Inv. Co. Act 1940, which invests its assets exclusively in obligations described above, under 1, 6, 9, 10, or 11.	
13.	Local Gov. Surplus Trust Fund of the State of Florida.	
15.	Money Market Funds.	Rated in the highest category of comparable types of obligations.
16.	Investment agreements or guaranteed investment contracts.	Rated in the highest credit rating category.
17	CORPORATE BONDS and NOTES: Public or private corporations and organizations issue corporate bonds and notes for the purpose of funding capital improvements, expansions, acquisitions or debt refinancing. Investors essentially are lending money to the issuer.	Minimum rated A without regard to any gradation of that rating by a numerical, symbol or other such modifier, by all rating agencies.

Investment Risk Management Policy

Appendix A

Allowable Investments by Project

(Continued)

Decommissioning Funds - St. Lucie Unit No. 2

Authorized Investments		Credit Rating/Security/Collateral
1.	Securities or other obligations of the Federal, State government or any agency or instrumentality.	
2.	Time deposits or demand deposits of the Trustee.	Insured by an agency of the Federal Gov.
3.	Forward delivery agreements.	Guaranteed by any agency of the U.S. Gov.
4.	In accordance with instructions from FMPA subject to the provisions of Section 5 of the Trust Fund Agreement.	

Investment Risk Management Policy

Appendix B

Flow of Funds Under the Resolution

Pursuant to the Resolution, all revenues are deposited with FMPA to the credit of the Revenue Fund established under the Bond Resolution. In each month, funds are to be first transferred from the Revenue Fund to the Operation and Maintenance Fund (i) for credit to the Operation and Maintenance account in the amount, if any, required so that the balance credited to said Account shall equal the amount necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount budgeted therefore, and (iii) for credit to the Rate Stabilization Account in the amount, if any, budgeted therefore. After these transfers from the Revenue Fund, FMPA will make in each month the following deposits from the Revenue Fund in the order of priority set forth below:

First, to the Debt Service Account held by the Trustee, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds to the end of the then current calendar month) shall equal the Accrued Aggregate Debt Service;

Second, to the Debt Service Reserve Account held by the Trustee (and each sub account therein), after giving effect to any surety bond, insurance policy, letter of credit or other obligation deposited therein pursuant to the terms of the Resolution, the amount required to be deposited into such Account in such month to make up any deficiency in the Debt Service Reserve Requirement;

Third, to the Subordinated Debt Fund held by FMPA for credit to the various accounts therein, including the Offered Securities Account, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt (including the Offered Securities) and reserves therefore, as required by the supplemental Bond Resolution authorizing such issue of Subordinated Debt;

Fourth, to the Reserve and Contingency Fund held by FMPA (a) for credit to the Renewal and Replacement Account, the amount budgeted therefore, and (b) for credit to the Contingency Account the amount required for such account to equal the Contingency Requirement;

Fifth, for deposit to the Decommissioning Fund (which is not pledged to the Offered Securities), the amount budgeted therefore; (applicable for St. Lucie Project) and

Sixth, for credit to the General Reserve Fund held by FMPA, any remaining monies in the Revenue Fund.

Investment Risk Management Policy

Appendix C

Reporting Calendar

Florida Municipal Power Agency Risk Management Reporting Calendar Investment Risk Management Reporting Requirements				
Reporting Item	Frequency Of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Security Ratings Compliance	Monthly	Treasurer and Risk Director	Section 5.0	Authorized and Suitable Investment Securities
Financial Condition	Annually	Treasurer and Risk Director	Section 5.1	Authorized Financial Institutions, and Broker/Dealers:
Diversification Percentage	Monthly	Treasurer and Risk Director	Section 5.5	Diversification:
SSAE 16 Report for Trustees and Custodians	Annually	Treasurer and Risk Director	Section 6.0	Custody
Policy Compliance Deviations	As Needed	Agency Audit Manager	Section 8.1	Policy and Procedure Compliance
Investment Reports	EC/BOD meetings	Treasurer and Risk Director	Section 9.0	Reporting
Policy Operation and Effectiveness	Annually	FC	Section 9.0	Reporting

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. FY 2021 Draft Management Goals

**Board of Directors Meeting
September 17, 2020**

DRAFT GOALS SCORECARD FY 2021

GOAL		STATUS	ACTUAL	YTD ACTUAL	YTD TARGET	FY'21 TARGET	COMMENT
1. Safety	No lost time accidents					0	
	Total reportable injury rate					0	
2. Compliance	Environ.					0	
	Financial					0	
	Regulatory					0	
3. Low Cost	Under \$70/MWh					<\$70	
	Controllable					?	
	Gas					?	
4. Stanton I and II Long-Term Next Steps	Get dec. on Stanton to Reduce Costs & Emissions						
5. Cyber Security	No Breaches					0	
	Phishing					5%	
	Member Engagement					?	
6. Reliability	Large Combined Cycles					90%	
	Stock Island Black Starts and Trans. Back-Up					100%	
	SAIDI Improv. Projects					10	

7. Member Services	# of Leadership Member Visits					75	
	# of Member Projects Managed					20	
	Update Value Analysis for Members					16	
8. Promoting the Value of the Utility	Present/Assist in Presenting to Members					10	
9. Financing	Debt Restructuring					1	
	Get Svgs. & Reduce Near Term Costs					1	
	Prepaid Gas for Min. \$0.20/mmBtu Savings					1	
10. Transmission	Negotiate Svc Upgrade for LWB-HST						
11. Ldrship. Training for Managers	Devel. Mgrs/Dirs in Leadership & Pers. Devel.					11	

12. Load Management Effort	Work on Member Commit. For Load Mgmt. to Defer new Capacity					10 MW	
13. Another Solar Effort?						?	

**AGENDA ITEM 9 – INFORMATION
ITEMS**

b. Quarterly HR Report

**Board of Directors Meeting
September 17, 2020**



9b - HR Quarterly Report

FMIPA Board Of Directors

September 17, 2020

Development Opportunities

- Member Services
- Accounts Payable
- SCADA
- Facilities
- Human Resources
- Public Relations
- Financial and Rates Analyst
- Information Technology, Operational Technology and Cyber Security

On-Going Efforts

- Employee Appreciation Week
 - Daily activities to ensure following CDC guidelines
- Strength Finder team building for all team members
 - Assessment given to team members to identify strengths
- COVID follow up
 - All team members allowed to work remotely one day a week
- One on One coaching for Managers
 - 360 feedback for all managers

Our Diversity and Inclusion Make Us Unique



Equal Employment Policy

FMPA stands as an equal employment employer (EEO) and is committed to the fair and equal treatment of all employees regardless of race, color, religion, sex (including pregnancy), national origin, age, disability, gender identity, sexual orientation, military status, genetic information, or any other characteristic protected by federal, state or local law. We will provide reasonable accommodations for qualified individuals with disabilities. FMPA is committed to maintaining a workplace free of unlawful harassment and discrimination, and it provides a process for employees to report concerns and such reports will be properly investigated and any appropriate action taken. We strive to ensure full compliance with all EEO requirements, laws and regulations and will require all employees to be trained annually on compliance with applicable employment laws.

Values

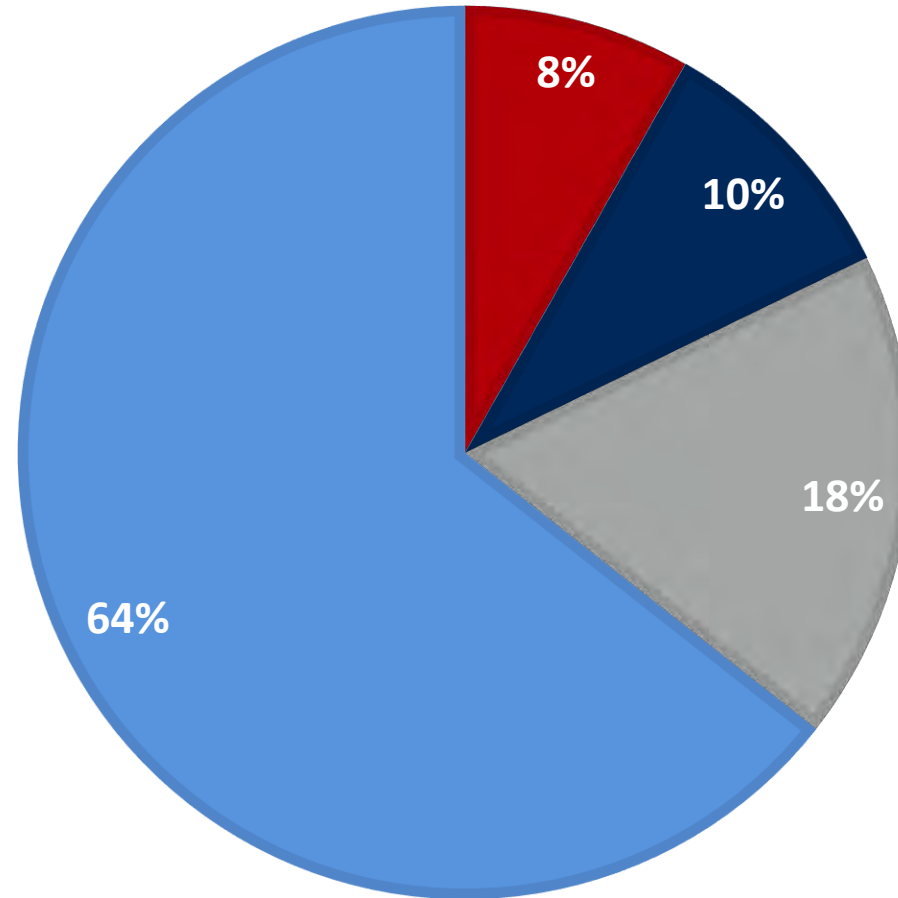
- A culture that values both our employees and operating agents and their safety
- Teamwork among our employees and our public power member-owner-customers
- Trust built through honesty, integrity, transparency, open communications and respect
- Employee development, recognition, reward and empowerment
- Environmentally responsible operations
- Member and employee diversity and inclusion
- Innovation and excellence
- The individual needs and desires of FMPA's owner-customers shall be given the strongest consideration consistent with the best interests of all owner-customers

Diversity and Inclusion Efforts

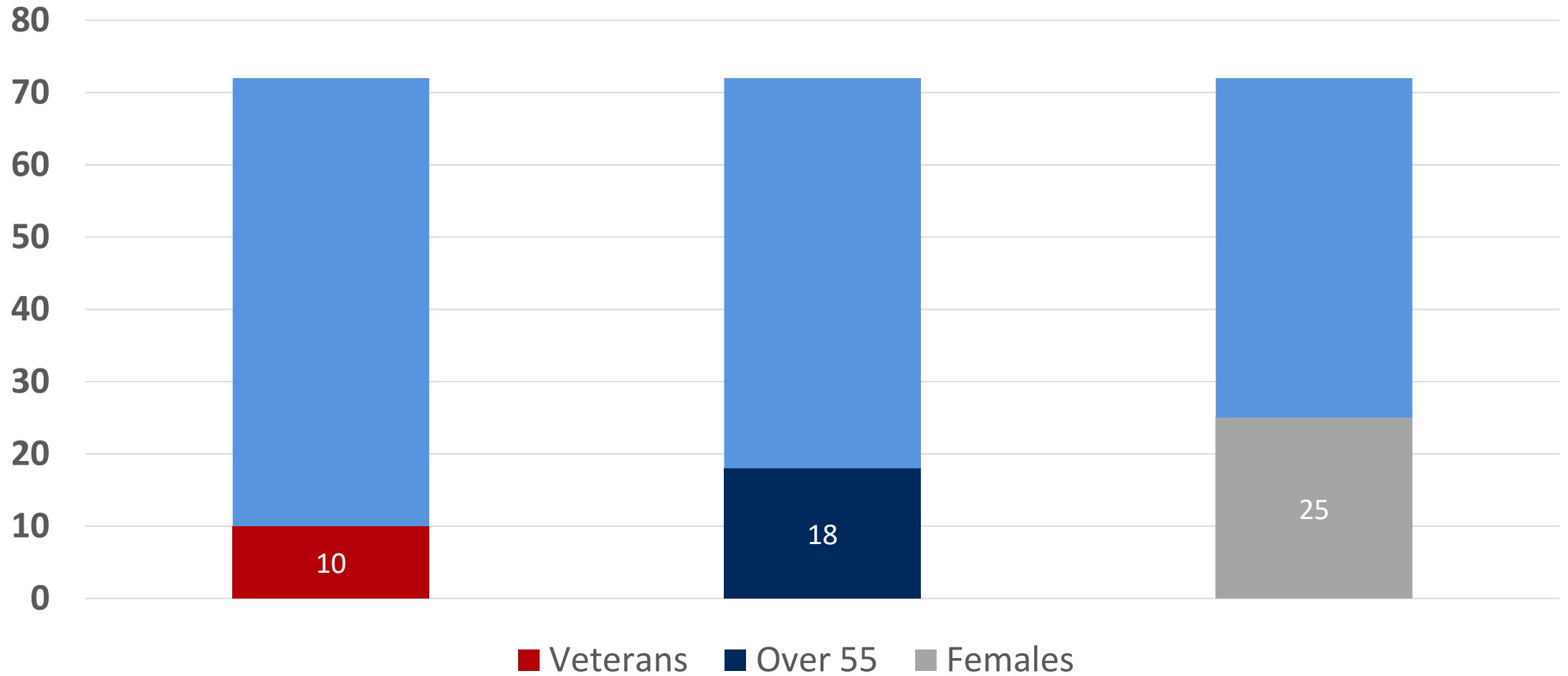
- Utilize resources for recruiting that specifically focus on diverse groups
- Ensuring job openings are placed in several different sites that may attract top minority applicants
- No social media is used to obtain information while recruiting for new positions
- Hire and promote the most qualified candidate based on skills and abilities
- Consistent recruiting process
- EEO annual training including diversity and inclusion awareness
- Training and development opportunities for all team members to prepare for future roles
- Support all team in participating in professional minority groups
- Supporting Leadership Team in participating in 3 or more professional minority groups to inform of opportunities and attract more top candidates

FMPA Employee Race Demographics

■ Asian ■ Black or African American ■ Hispanic/Latino ■ White

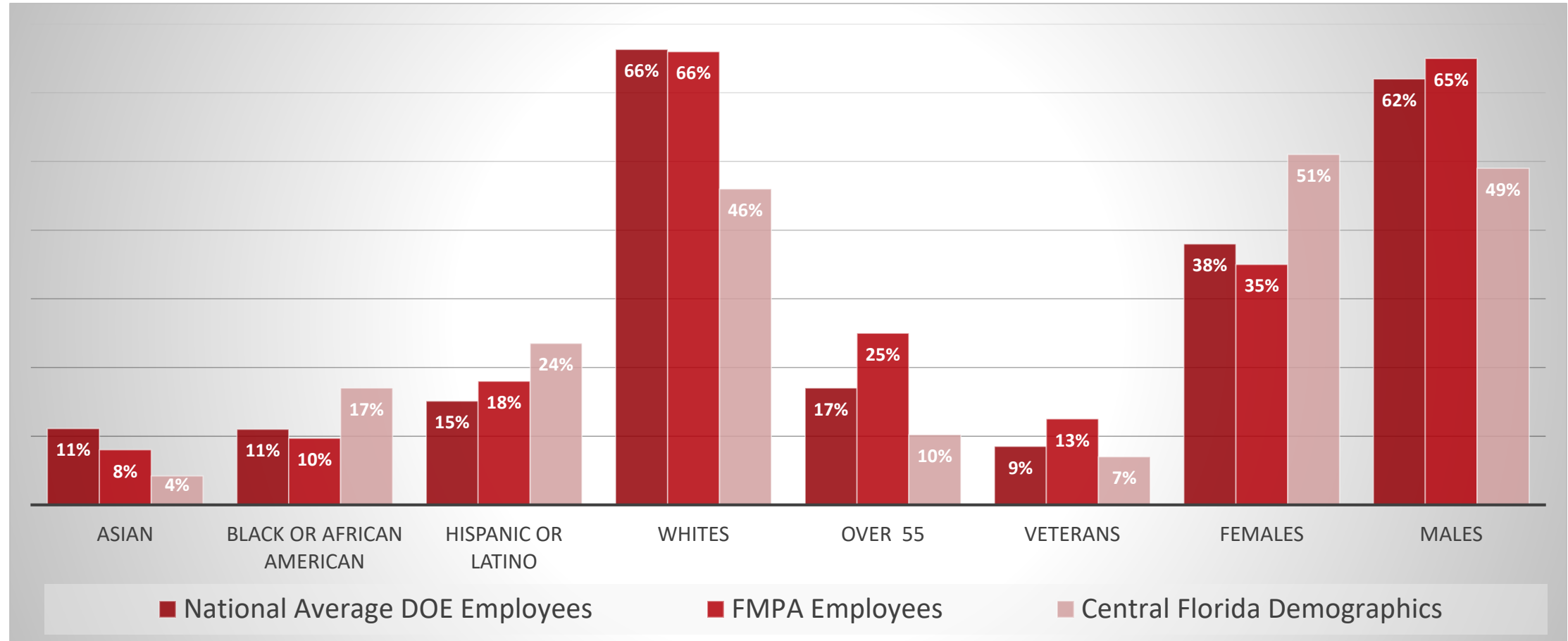


FMPA Other Demographics

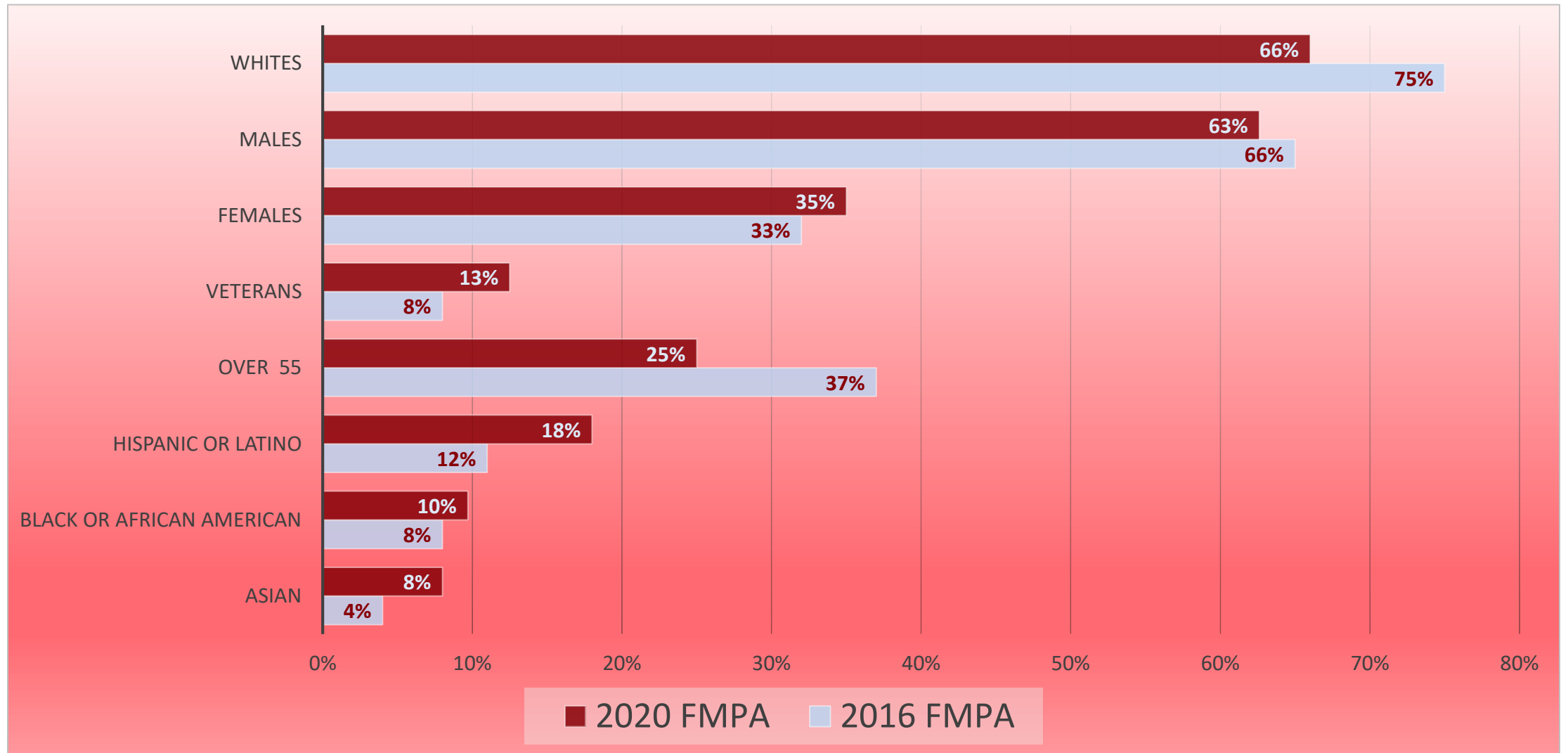


DOE, FMPA Central Florida Employment Demographics

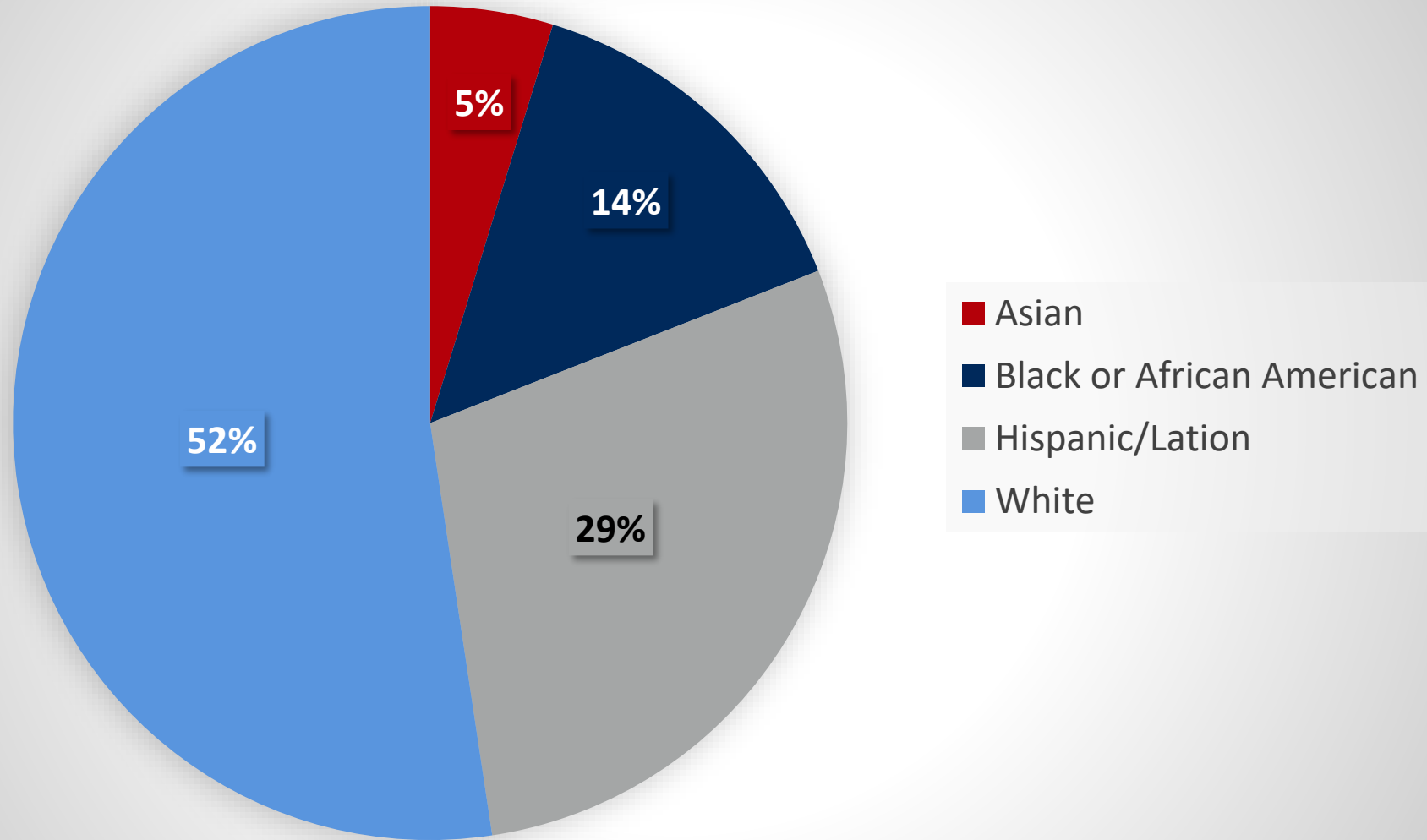
Source: Data USA: Orlando, Kissimmee, Sanford. Does not include Others which Makes up 9% C. FL



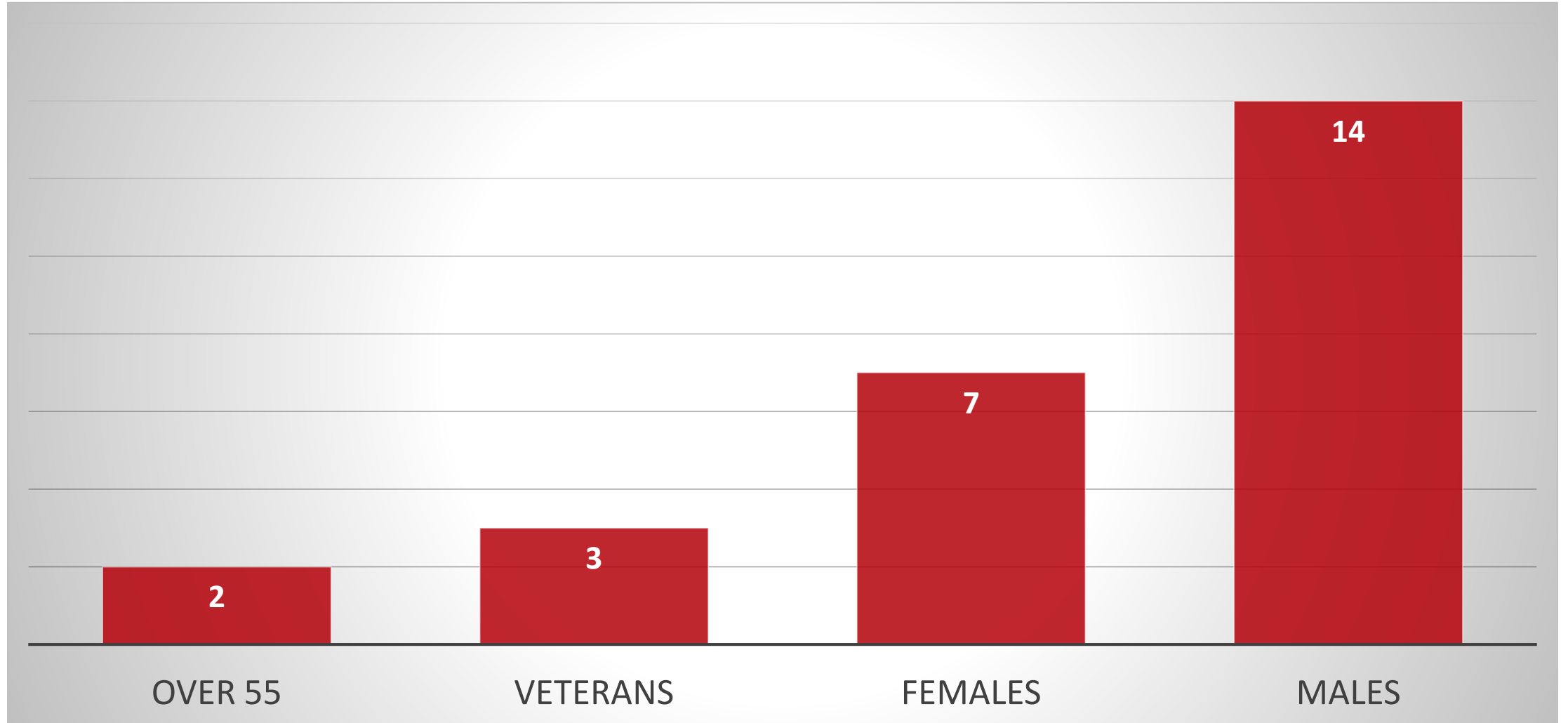
FMPA 2016 Compared To 2020



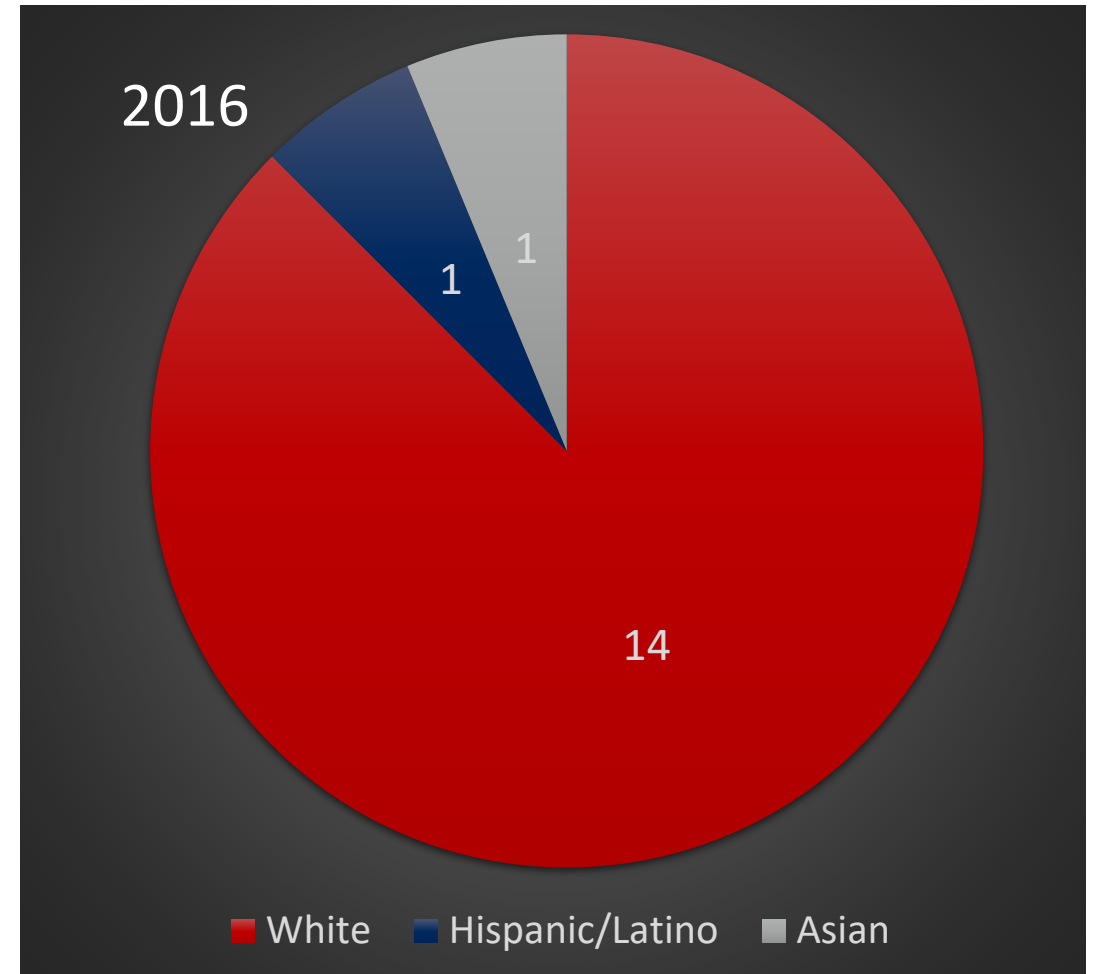
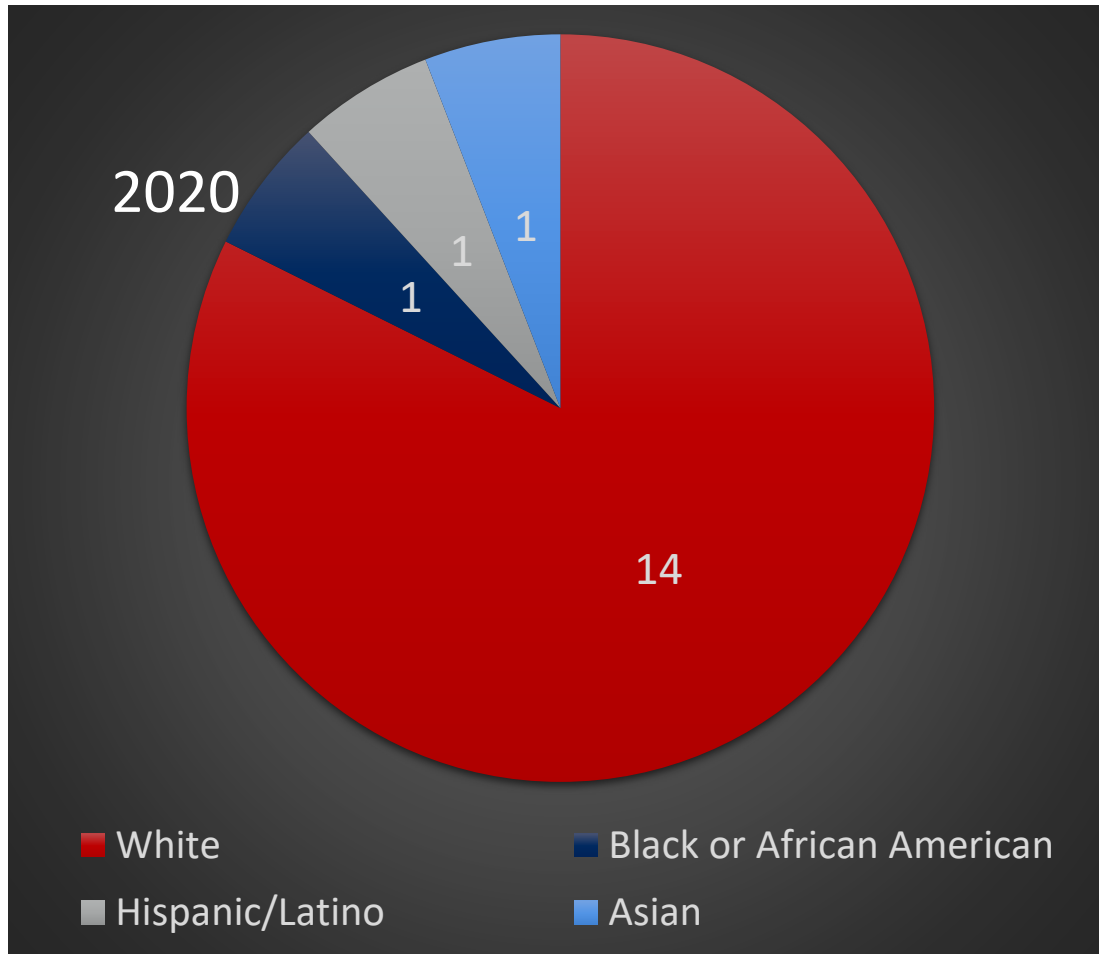
New Hire Demographics October 1, 2016 to Current



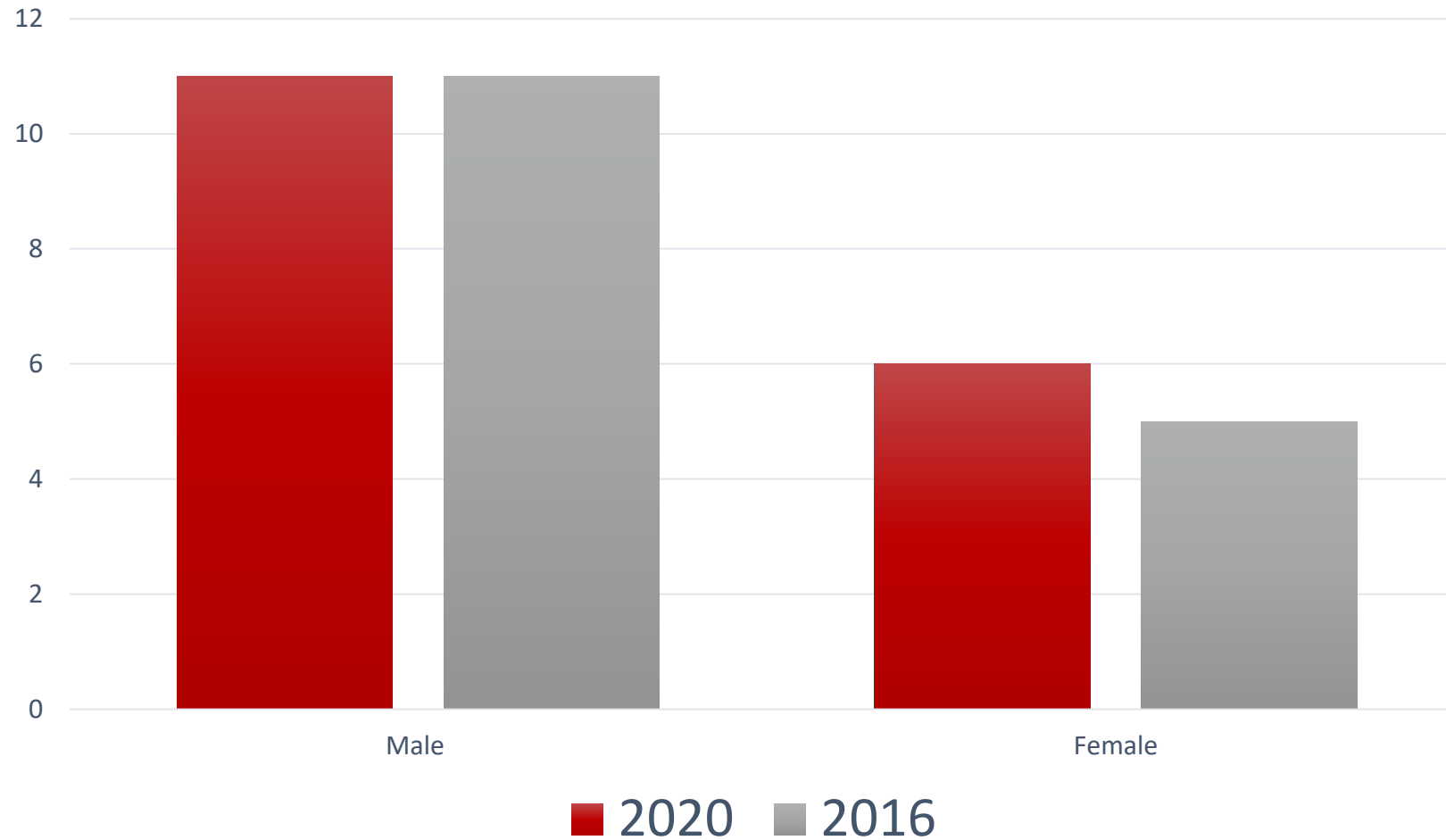
New Hire Demographics cont.



Management Race Demographics Comparison



Management Gender Demographics Comparison



**AGENDA ITEM 9 – INFORMATION
ITEMS**

**c. Review of Finance Committee
Items**

**Board of Directors Meeting
September 17, 2020**



Summary of Finance Committee Items

Board of Directors & Executive Committee

September 17, 2020

Finance Committee Items

Possible Action Items for Next Meeting

Approve elimination of certain risk policies

Approve Risk Management Policies and Compliance Reports

Recommended Action

- Information only. No action required

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**d. Quarterly Regulatory Compliance
Update**

**Board of Directors Meeting
September 17, 2020**



Regulatory Compliance Update

BOD 9d & EC 9d

September 17, 2020

Roles of FMPA Regulatory Compliance Department

- FMPA Regulatory Compliance Department perform three main functions related to NERC mandatory reliability standards
 - FMPA Compliance
 - Generation Plants (GO/GOP/TO/TP) – Compliance manager site visits
 - Internal Compliance – Updating workflows and controls
 - Member Support
 - Standards development, interpretation, and implementation support – NERC Alert, FMPA Compliance Seminar
 - Peer reviews, spot checks, audit process support – member site visits
 - Industry Influence
 - Provide inputs to FERC, NERC, and SERC initiatives and policy - Supply chain RFI, NOI, and whitepaper
 - Balloting and Standards Development – System Operating Limit SAR and Winter Readiness SAR

FMPPA Compliance

- FMPPA had no reportable compliance violations since June 2020 update
- FMPPA had a self-report. Working with FMPPA executive director to submit mitigation plan. SERC initial finding of minimal impact
- Internal Compliance Program (ICP) Review (Last completed Feb 2019)
 - Updating document review and workflows to incorporate automation for better controls
 - Engineering Services and Fleet Generation team members are helping with spot checks – RSAWs and Risk Score
- Cyber Security
 - Cyber Security team is monitoring conditions at plant sites for vulnerabilities and sent out periodic security awareness
- Supply Chain Risk Management
 - CIP 005-6 (ESP/ “Firewall”), CIP 010-3 (Change Management and Vulnerability Assessments), CIP 013-1 (Supply Change Risk) effective 10/1/2020
 - Executive Order to secure the Bulk Power System (BPS: 69KV+) by limiting equipment supplied from vendors controlled by adversary countries and guidance from DOE

FMMPA Compliance

- SMEs and other staff more active in FMMPA Compliance
 - Engineering staff are reviewing policies and procedures to match operations and compliance
 - Staff traveled to TCEC to assist plant operators complete MOD-025 operational testing (determine running values for min & max MWs and MVAR)
- Plant Site Visits
 - Visited TCEC, CI, and Stock Island
 - Worked with TCEC to help with plant training and compliance update
- FMMPA Compliance Seminar September 29 & 30
 - Will be held in-person and virtual WebEx
 - Include presenters from FMMPA, Lakeland, SERC, and NERC
 - Topics: Internal Compliance Controls, FAC-008, PERC-005, SOL, CIP Cybersecurity, Inverter Based Generation Compliance Impact, and Q&A with SERC on audits

Member Support

- 2021 SERC Audits
 - Several members have received audit notification from SERC, Audit Notification Letters will be sent out in October/November – FMMPA available to help
 - Visited Ocala, Clewiston, Stark, and Keys Energy Services
- Bi-weekly Compliance call has increased attendance
 - Thank you to members for participating and active engagement
- Compliance Department is available for support and help with peer reviews, second look, or to any compliance questions

Industry Influence

- Staff continues to play an active role within NERC and with trade organizations such as North American Generator Forum, Transmission Access Policy Study Group and the American Public Power Association.
 - Increased meetings and discussion on NERC Standard Authorization Request and Rules of Procedure Change
 - Discussions on supply chain impact with Executive Order
 - Carol Chinn attended NERC's virtual spring Member Representative Committee (MRC) and Board of Trustee meetings
- FMPPA staff tested and are giving input to NERC's Align and SEL release.
 - Align and SEL will launch Q1 2021 for new compliance engagement

Industry Influence

- NERC August BOT and MRC meeting
 - Carol Chinn continues to play an active role to represent FMPA and members' interest in the MRC
 - NERC Bylaws passed with change recommendations from MRC, NERC Committee restructure
- Staff is engaging with TAPS and APPA to provide comments on DOE Supply Chain RFI, Whitepaper, and NERC NOI
 - DOE to release guidelines on supply chain by September 30
- Staff is also engaging with the groups to give input as DOE Secretary issues guidance on Executive Order in the Fall
 - Staff answered member's question on NERC alert and submitted FMPA's response

**AGENDA ITEM 9 – INFORMATION
ITEMS**

e. Stanton II Pooled Loan Update

**Board of Directors Meeting
September 17, 2020**



BOD 9e – Pricing Update Report on the Stanton II Pooled Loan

Board of Directors
September 17, 2020

Stanton II Pooled Loan Achieved Expectations

- Present value savings \$463,225
 - Percentage savings of refunded bonds 10.92%
- Final Payment remains 10/1/2027
- Tax-exempt Fixed Rate Debt Transaction
 - Project remains 100% fixed rate debt
- Defeased Series 2009A bonds on July 6th

Internal Targets

Final Numbers Compared to Resolution/Debt Policy

Description	Actual	Limit Per Resolution or Debt Policy
Pooled Loan 2020	\$3,921,350	\$5.0 million
All-In Interest Rate (A)	1.91657%	N.A.
True Interest Cost (B)	1.77026%	N.A.
Present Value Savings	10.92% \$463,225	3.0% N.A.
Final Maturity	10/2027	10/2027

Internal Targets

Final Numbers Compared to Resolution/Debt Policy

Description	Actual	Limit Per Resolution or Debt Policy
Issue Costs	\$21,350	N.A.
Closing Date	06/25/2020	N.A
Redeemed Date	07/06/2020	N.A.
Underwriters	First Horizon	N.A



QUESTIONS

**AGENDA ITEM 10 – MEMBER
COMMENTS**

**Board of Directors Meeting
September 17, 2020**

AGENDA ITEM 11 – ADJOURNMENT

**Board of Directors Meeting
September 17, 2020**