



FINANCE COMMITTEE

AGENDA PACKAGE

NOVEMBER 18, 2020

2:00 p.m.

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

Meeting Number 730 317 022#

Password 8553#

Committee Members

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

Meeting Location

Florida Municipal Power Agency 8553
Commodity Circle Orlando, FL 32819

(407) 355-7767



Linda S. Howard, CPA, CTP
Chief Financial Officer

MEMORANDUM

TO: FMPA Finance Committee
FROM: Linda S. Howard
DATE: November 10, 2020
SUBJECT: FMPA Finance Committee Meeting
Wednesday, November 18, 2020 at 2:00pm
PLACE: Florida Municipal Power Agency Board Room
8553 Commodity Circle,
Orlando, FL 32819

**DIAL-IN INFORMATION: 877-668-4493 or 650-479-3208, Meeting
Number 730 317 022# PASSWORD 8553#
(If you have trouble connecting via phone or internet, please call 407-355-7767)**

Chairperson Karen Nelson, Presiding

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LSH/bs

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

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

**Finance Committee Meeting
November 18, 2020**

**AGENDA ITEM 2 – RECOGNITION OF
GUESTS**

**Finance Committee Meeting
November 18, 2020**

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

**Finance Committee Meeting
November 18, 2020**

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

**Finance Committee Meeting
November 18, 2020**

**AGENDA ITEM 5 – APPROVAL OF
MINUTES**

- a. Approval of Minutes – Finance
Committee Minutes – Meeting
Held October 14, 2020**

**Finance Committee Meeting
November 18, 2020**

CLERKS DULY NOTIFIED.....October 6, 2020
AGENDA PACKAGE SENT TO MEMBERS.....October 6, 2020

**MINUTES
FINANCE COMMITTEE MEETING
WEDNESDAY, OCTOBER 14, 2020
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL**

**PARTICIPANTS
PRESENT VIA
TELEPHONE**

Jody Young, Bushnell **
Barbara Quinones, Homestead
Jack Wetzler, Key West
Larry Mattern, Kissimmee
Jim Williams, Leesburg **
Barbara Mika, Fort Pierce **
Steve Langley, Mount Dora
Dallas Lee, Newberry
Marie Brooks, Ocala
James Braddock, Wauchula
(** arrived after roll call)

**PARTICIPANTS
PRESENT**

Karen Nelson, Jacksonville Beach
Howard McKinnon, Havana

**OTHERS
PRESENT VIA
TELEPHONE**

Craig Dunlap, Dunlap & Associates, Inc.
Michael Mace, PFM Financial Advisors, LLC.

STAFF PRESENT

Jacob Williams, General Manager and CEO
Ken Rutter, Chief Operating Officer and COO
Jody Finklea, General Counsel and CLO (via telephone)
Linda Howard, Chief Financial Officer
Mark McCain, AGM of Public Relations and Member Services
Sharon Adams, HR Director
Rich Popp, Treasurer and Risk Director
Jason Wolfe, Financial Planning Rates and Budget Director
Denise Fuentes, Financial Analyst
Isabel Montoya, IT Specialist
Liyuan Woerner, Audit Manager
Paige Arnett, HR Assistant
Melisa Inanc, PR Specialist
Susan Schumann, Public Relations and External Affairs Manager
Carter Manucy, IT/OT and Cybersecurity Director
Luis Cruz, Senior Manager of IT and Cybersecurity
Louis DeSimone, Financial Planning and Rates Analyst II
Sue Utley, Executive Asst. /Asst. Secy. to the Board

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

Karen Nelson, Jacksonville Beach called the FMPA Finance Committee Meeting to order by telephone at 3:00 pm on Wednesday, October 14, 2020. A speaker telephone was present for public attendance and participation in the Fredrick M. Bryant Board Room, at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared, with 9 of 12 members present.

ITEM 2 – RECOGNITION OF GUESTS

None.

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

None.

ITEM 4 – SET AGENDA (BY VOTE)

MOTION: Howard McKinnon, Havana, moved approval of the agenda as presented. Barbara Quinones, Homestead, seconded the motion. Motion carried 9-0.

ITEM 5 – APPROVAL OF THE MINUTES

a. Approval of Minutes – Finance Committee Minutes – Meeting Held September 16, 2020

MOTION: Barbara Quinones, Homestead, moved the approval of the minutes presented for the meeting held May 20, 2020. Larry Mattern, Kissimmee, seconded the motion. Motion carried 9-0.

ITEM 6 – CHAIRPERSON'S REMARKS

Karen Nelson, Jacksonville Beach, welcomed everyone to the meeting and thanked those who participated in the Finance Committee Meeting.

ITEM 7 – CFO REPORT

Linda Presented on the following items

1. November and December meetings will remain the same dates
2. 2021 meeting calendar and how the Finance Committee would prefer the reoccurrence of meetings. The meetings will remain monthly on the Wednesday before BOD and EC Meetings.
3. Discussion on debt savings ideas to help reduce rates as part of the strategic goals
4. Review policies and compliance reports as part of annual reviews
5. Finalizing the year end audit including the OUC audit and operational audits

ITEM 8 – Informations Items

a. Review Procurement Policy Exception for New Budget System

Jason Wolfe presented on the Review of the Procurement Policy Exception for New Budget System. Jason spoke with Acumatica and their system didn't do what FMFA required. Staff spoke with 3 vendors and universally agreed on Centage Planning Maestro. Executed a 3 year contract with the Centage Planning Maestro, without going through a formal competitive selection process for a three-year contract, having a procurement value of \$150,000.

Jody Finklea, commented that having the annual training helped to identify the mistake in the procurement policy.

Karen Nelson, Jacksonville Beach, mentioned she was happy to here that staff detected the mistake not an audit. Karen asked why this exception came back to the FC not the BOD or EC.

Jody Finklea, mentioned the Finance Committee has authority to accept the report or make comments recommend action to the Board of Directors or Executive Committee, as appropriate. The first stop for reporting is to the Finance Committee.

Howard McKinnon, Havana, thanked staff for bringing it before the Finance Committee. Howard asked staff to share the form and flow chart with members. Howard asked that we put the item on the consent agenda for the EC and BOD.

Barbara Quinones, Homestead, agreed with Howard McKinnon and wanted to have the General Manager execute an approval of the contract after the fact, recognizing an allowable deviation from the Procurement Policy. For the Deviation would be recognized and approved to be a cleaner process.

Larry Mattern, Kissimmee agreed that there should be an approval of the deviation from the General Manager and an explanation of the selection process of why the vendor was selected that would hold up if it we were challenged by another vendor.

Jody Finklea, stated that in the end, the selection process evaluated what was best for the agency and we have a reasonable decision and could withstand and audit A written deviation to the General Manager would suffice.

b. Discuss Preliminary Results of the OUC Participant Audit

Liyuan Woerner presented on the Preliminary Results of the OUC Participant Audit. The Audit team identified 2 areas to discuss with the Finance Committee: Administration and General charges as well as, Wastewater System allocation of costs had inconsistent findings.

c. Operational Audit Reports – AP Audit

Liyuan Woerner, presented on the AP Audit to ensure adequate policies and procedures are in place for proper internal controls. There were no exceptions identified.

d. Debt Savings Ideas

Linda Howard presented on debt savings ideas. The following ideas were presented.

1. St. Lucie Extend life/restructure some debt
2. ARP borrow for upcoming projects and reduce use of R&R funds
3. ARP – letter of credits (LOCs) – Cash Funding
4. ARP – Review funding for Vero Beach rate protection account

Karen Nelson, Jacksonville Beach and Barbara Quinones, Homestead both agreed the restructure or extension is great.

Finance Committee wants finance team to come back to the committee as an info item to decide if they want it to go for approval in the BOD and EC with specifics in the presentation. Larry Mattern, Kissimmee concurred.

e. Quorum Discussion

Linda Howard discussed the quorum. The FC doesn't currently allow for an alternate on the committee.

Karen Nelson, Jacksonville Beach, would be in favor of having an alternate.

Barbara Quinones, Homestead, would be in favor of alternates.

Howard McKinnon, Havana, would be in favor of alternates and doesn't want to reduce the number for a quorum.

Larry Mattern, Kissimmee, would be in favor of alternate.

Would require a charter amendment to select an alternate. Howard McKinnon, Havana recommended to select alternates as they have with the others. Charter change for action item in November.

f. Annual IT Update

Luis Cruz presented the Annual IT Update. The Risk Management policy asks that IT provides an annual update on risks assessed. The yearly incidents that have occurred are the following.

1. Breach of security access to the internal FMPA sites thru godaddy in March
2. Early September a staff member clicked on a phishing link which gained access and the internal security kicked in to clear out any threat

The key findings from the phishing program are the following.

1. Report monthly to the staff and shared with the BOD on the phishing attempt click rate
2. Bi-monthly phishing training
3. Annual cybersecurity training including an external consultant

Jack Wetzler, Key West, said that Keys Energy Services participates in FMPA's program for phishing and has obtained positive results within his utility.

Carter Manucy gave an insurance update on cybersecurity. Cybersecurity insurance is changing and FMPA has a program to help guide members through the response. The

premiums for the ransomware vary on the amount of risk.

ITEM 9 – REPORTS

a. FGU September Storage Report

The report was provided for information only. There were no questions.

ITEM 10 – COMMENTS

ITEM 11 – ADJOURNMENT

There being no further business, the meeting was adjourned at 4:32 pm.

Approved: _____ Date _____ KN/pa

**AGENDA ITEM 6 – CHAIRPERSON'S
REMARKS**

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AGENDA ITEM 7 – CFO REPORT

**Finance Committee Meeting
November 18, 2020**



CFO Report

Finance Committee

November 18, 2020

Items of Note

Recent and Upcoming

- JP Morgan Investor Conference
 - Held virtually on October 22, 2020
 - FMPA's presentation highlighted successes of 2020 and goals for 2021
 - Good discussions with existing and potential investors
- Disclosure training date

AGENDA ITEM 8 – ACTION ITEMS

a. Approval of Asset Management & Operations Policy Changes

**Finance Committee Meeting
November 18, 2020**



8a: Approval of Asset Management and Operations Policy Changes

Finance Committee

November 18, 2020

Asset Management & Operations Policy

Major Areas Covered

- Areas of Risk Exposure
- Operations and Maintenance Procedures
- Environmental Compliance & Standards
- Internal Controls
- Reporting Requirements

Asset Management Policy Changes

Testing, Reporting and Administrative Updates

Section	Changes Made
4.1.2 Peaking Unit Testing	Remove heat rate testing and operating efficiency – not applicable
4.1.3 Fuel Oil Testing	Reference current dual fuel capable units, Cane Island Unit 1 and TCEC Unit 1
4.3 Generation Unit Availability Metrics	Add Monthly Scorecard and limited to ARP base load units
4.5 Regulatory Adherence	Add FERC to regulatory adherence
5.1 Compliance	Add NOV to be reported to EC; remove NOV reported FC
7.3 Regulatory Report	Add section for monthly review of regulatory non-compliance
Throughout	Administrative updates

Recommended Motion

- Move approval of and recommend to the Executive Committee the Risk Management Policy: Asset Management and Operations Policy, as presented.

FLORIDA MUNICIPAL POWER AGENCY
RISK MANAGEMENT POLICY - APPENDIX I
ASSET MANAGEMENT AND OPERATIONS POLICY

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ASSET MANAGEMENT AND OPERATIONS RISK MANAGEMENT POLICY FOR FLORIDA MUNICIPAL POWER AGENCY

This Asset Management and Operations Policy (the “Policy”) and any effective subordinate procedures establish the governance, framework and controls under which Florida Municipal Power Agency (“FMPA”) may engage in activities to identify, measure and minimize future business risk resulting from the operation and maintenance of electric power generating units for which FMPA has operational oversight and control, referred to as ARP Generation (i.e. Cane Island Power Park, Treasure Coast Energy Center, and Stock Island Generating Facility). The operation & maintenance function at the above ARP Generation sites is outsourced to third parties referred to in this Policy as O&M Agents (i.e. Kissimmee Utility Authority, Fort Pierce Utilities Authority, and Keys Energy Services). This Policy is Appendix I of the FMPA Risk Management Policy.

1.0 Policy Statement

The Executive Committee (“EC”) of FMPA recognizes 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 4 and 5 of this Policy, which will control, transfer, or mitigate these risks to avert an adverse impact on the reliability of the All Requirements Project’s (“ARP”) generation assets or on the financial position or reputation of the Agency.

The following summarizes the Policy of the EC:

- ❖ FMPA shall follow all applicable federal, state and local laws concerning the operation and maintenance of electric power generating units.
- ❖ FMPA shall follow all applicable rules (i.e. NERC Standards, Environmental Standards, etc.) related to the operation and maintenance of electric power generating units and shall strive to maintain an environmental record of zero Notices of Violation (“NOVs”) and/or fine assessments. (Section 5.1).

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

- ❖ Authority is delegated to the Chief Operating Officer (COO) to create procedures, as required, and to administer this policy. (Section 3.0)
- ❖ FMPA shall endeavor to achieve goals for each asset class as described in Section 4.3 herein.
- ❖ FMPA shall annually test the heat rates of non-peaking ARP generation units during the summer months. (Section 4.1.1)
- ❖ FMPA shall test ARP Generation peaking units when economically feasible but, as a minimum, at least every two years as described in Section 4.1.2 herein.
- ❖ FMPA shall perform an economic impact analysis for any materially significant deferred maintenance. (Section 4.2.1)
- ❖ FMPA shall communicate minimum safety standards for ARP Generation to each respective O&M Agent which support the goal of zero recordable safety incidents. (Section 4.4)
- ❖ Deviations from this Policy shall be reported to the Finance Committee (“FC”). (Section 8.0)

2.0 Scope and Authority

FMPA has the authority to own or contract for the provision of electric power generation. This Policy applies only to those ARP owned generation facilities where FMPA has operational control and oversight, referred to in this Policy as “ARP Generation”. FMPA is responsible for overseeing the operation and maintenance (“O&M”) functions at ARP Generation facilities and must coordinate these activities effectively so as to ensure reliable system operation and optimization of the ARP’s assets. O&M functions at ARP Generation facilities are currently outsourced to and conducted by O&M Agents pursuant to the respective governing O&M agreement between the Agent and FMPA.

The COO will coordinate efforts to maintain all ARP power supply resources to balance regulatory requirements, operational reliability, and maintenance to achieve an optimal economic solution using prudent utility practice and all applicable provisions of FMPA’s Risk Management Policy. The Power Generation Fleet Director has responsibility to initiate and complete the selected solutions in accordance with this Policy. Pursuant to the governing

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

O&M Agent Agreement, all O&M Agents are responsible for working with the Power Generation Fleet Director for implementing selected solutions and following FMPA's guidelines as an integral part of meeting the goals established by the EC.

3.0 Types of Risk

This Policy establishes minimum standards to support an Agency-wide atmosphere of proper control levels to ensure the effective and efficient generation of electric power. The COO will cause processes to be documented, as deemed appropriate, that identify risks in the areas noted below and provide ways to measure, control and mitigate FMPA's exposure to those risks. The FMPA Risk Management Policy identifies ten risks comprising FMPA's common risk framework. While not intended to be a comprehensive listing of risks encountered by FMPA during the normal course of the business cycle, the following provides insight into the major areas of risk exposure for FMPA. The following selected framework risks are those risks normally encountered with generation management.

3.1 Volumetric Risk:

The potential adverse impact of unanticipated changes in demand (requiring the dispatch of either more or less generation) or availability of generating resources. FMPA faces fuel supply risk when there is uncertainty associated with the availability of generating units which may require the dispatch of less efficient units (higher heat rate). When generating units fail, the ARP must replace the lost MWs with other generation or spot market MWh purchases, resulting in higher costs than anticipated had the generating unit not failed.

Dynamic changes in weather can significantly impact demand. Reacting to these changes in demand can require changes to the dispatch of units thereby changing (either positively or negatively) the fuel requirements of the ARP. During periods of excessively hot or cold weather, ARP Member demand will increase. In Florida, there is also an ongoing threat of extreme weather (hurricanes or tornados), which could result in transmission and/or distribution outages. This could result in an interruption in the delivery of power to members and or their customers. Either situation can lead

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

to an excess in fuel supply that must be sold into the market when prices are falling or an insufficient supply quantity that must be purchased when prices are rising. Either circumstance will cause an adverse financial impact to the ARP.

3.2 Operational Risk:

The potential economic loss resulting from ineffective or inefficient operation of generation or the loss of generating assets, transmission, fuel supply facilities or other related assets. An example would be a sudden forced outage of a generating unit or station accident that results in the loss of power generation. When such a loss of generation occurs, additional energy (and possibly capacity) may be required by dispatching another (potentially less economic) generating unit or through the purchase of any needed capacity and energy from the spot market. Such action may increase costs and result in an adverse financial impact to the ARP. While both volumetric and operational risk may relate to generator outages, operational risk is concerned with system reliability implications, whereas volumetric risk would relate to the cost of replacement energy.

3.3 Environmental Risk:

The potential environmental impact associated with a failure to comply with federal or state environmental regulations or approved facility specific permits. Examples of environmental non-compliance include emission violations and/or toxic spills. When a generating station or other facility is in violation, there is the potential of fines being imposed and generating output lost. Any lost resource(s) would require replacement from other units or the purchase the power at spot market prices. Either action could cause result in an adverse financial impact to the ARP. Any environmental penalty could also result in an adverse public perception and damage the reputation of FMPA.

3.4 Regulatory Risk:

The potential adverse impact of an action or direction from a regulatory body such as, but not limited to, FERC, DOE, or EPA. An example would be if a legislative or regulatory action could make it impossible for FMPA to economically operate its generation assets to reliably serve the load of ARP members. Regulatory risk occurs at

the local, state and federal level and could have a direct impact on FMPA's strategic, operational or financial decisions.

4.0 Generation Asset Operations and Maintenance

FMPA shall maintain effective operations and maintenance procedures to ensure that the ARP Generation assets maintain the desired level of efficiency based upon their respective operating profile in an economically appropriate manner. For example, a unit that is nearing its useful life and nearing a major maintenance recommendation to be performed, the associated expense may not be economically justified.

4.1 Operations:

FMPA shall follow Original Equipment Manufacturer (OEM) specifications for the operation of all non-peaking gas and steam turbine units over the economic life of the generation asset. The determination of the unit's economic life will be a collective effort of staff with the COO, or his designee, presenting staff's recommendation to the EC for approval, supported by economic and development models provided by System Operations. The OEM specifications differ between generation units and are updated as deemed necessary by the manufacturer. The latest individual unit OEM documentation can be found by referencing OEM publications such as the following or their equivalent:

- Technical Information Letters — TIL
- GE Reference — GER
- GE Requirements – GEK
- Performance Answer Case – PAC

Other sources of recommended maintenance can be obtained from other unit owners sharing their experiences through OEM User Groups.

4.1.1 Non-Peaking Unit Testing:

The Power Generation Fleet Director shall direct each O&M Agent to annually test the ~~capacity and~~ heat rate and capacity of each non-peaking unit during the summer months in order to document each unit's operating efficiency. The PI Historian will collect relevant data necessary for determining the heat rates of

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RISK MANAGEMENT POLICY
(Continued)

these units as well as other key operating parameters. Capacity testing is performed in compliance with NERC standards.

4.1.2 Peaking Unit Testing:

The Power Generation Fleet Director shall direct each O&M Agent to test the ~~heat rate and~~ capacity of each peaking unit, as economically feasible, in order to document each such unit's ~~operating efficiency and~~ generating capability. Such testing will be performed, at a minimum, at least every two years or by pool procedure.

4.1.3 Fuel Oil Testing:

~~Fuel Oil Testing~~

All dual fuel capable units shall be tested to operate on fuel oil at least once per year. Results of all such tests shall be reported to the Agency Risk Director and to System Operations. Treasure Coast Energy Center and Cane Island Unit 1 are the only dual fuel capable unit at this time.

4.4.2 Maintenance:

FMPA shall follow prudent maintenance practices, following OEM specifications, for maintaining combustion turbines and steam turbines for all non-peaking units. When a generating asset is nearing the end of its economic life, the COO must prudently determine whether OEM specified maintenance is economically justified to perform. If not so justified, FMPA is authorized not to follow OEM specifications.

4.4.14.2.1 Deferment of Maintenance:

The Power Generation Fleet Director must coordinate any decision to delay/defer significant maintenance with the System Operations to ensure adequate reserve margins are maintained. The Financial Planning Rates & Budget Director will also be consulted to determine any adverse rate impacts upon ARP members resulting from such delay/deferment. The Power Generation Fleet Director shall then notify the Agency Risk Director of the pending maintenance deferral along with supporting documentation.

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

Any decision to defer/or not perform staff identified or OEM recommended maintenance must be reviewed and approved by the COO. If deferred, economically justified OEM recommended maintenance will be performed during the next regularly scheduled maintenance activity. Concerns related to the future availability of capital parts and adverse impacts to related warranties will not be considered without supporting documentation.

4.4.24.2.2 Reliability Centered Maintenance (“RCM”):

FMPA will maintain the balance of plant and auxiliary equipment in accordance with RCM. RCM establishes safe minimum levels of maintenance, changes to operating procedures and strategies, and the establishment of capital maintenance regimes and plans based on historic operational data and maintenance history.

FMPA shall strive to ensure that long-lead critical items for base load gas and steam turbine units can be obtained within a 12 month time frame from within the ARP fleet, provided through the OEM, or through a partnership fleet arrangement. The following items are excluded from this 12 month requirement: Iso-phase bus, disconnect switches, switchgear, and CTPT metering units.

4.4.34.2.3 Budget Review:

All capital/maintenance items costing in excess of \$1 million that are being considered for inclusion during the annual budgeting process shall be presented to the Power Generation Fleet Director, Financial Planning Rates & Budget Director, Agency Risk Director and Chief Operating Officer, for an economic review. These parties shall facilitate the determination that these projects are prudent and/or economically justified and should be included in the budget proposal submitted to the EC for approval.

4.4.44.2.4 Budget and Spending Authority:

Staff shall budget all necessary maintenance to ensure that reliability goals are appropriately established and achieved. The resulting ARP budget will be comprised of two primary categories for O&M expenses and capitalized expenses. Once the ARP budget is approved, funds may not be shifted from either category for use in the other without obtaining prior approval by the applicable governing body.

The General Manager is granted the authority to approve budgeted capital items and budgeted non-fuel related O&M expenditures pursuant with existing contractual obligations. The General Manager also has authority to approve capital items and O&M expenditures which exceed the specified amounts in the approved budget but is not authorized to exceed the aggregated total budget category for either capital or O&M expenses. When the General Manager exercises such granted spending authority for a non-budgeted expenditure pursuant to a new contractual obligation exceeding \$200,000 for the term of such contract, this action must be reported to the EC at the next regularly scheduled meeting.

4.54.3 Generation Unit Availability Metrics:

The Power Generation Fleet Director shall present, on an annual basis, or as part of the Monthly Scorecard, a report which details operating availability and reliability metrics of all ARP base load units. These metrics will be compared to related industry metric averages as a benchmark of FMPA's overall maintenance program and in meeting the organization's strategic and departmental goals as documented at the time. Currently this is presented reported monthly on the Scorecard.

Examples of the types of metrics that may be used are as follows:

- Equivalent Availability Factor or EAF
- Maintenance Outage Hours or MOH
- Planned Outage Hours or POH

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

- Forced Outage Hours or FOH

4.6.14.4 Safety:

FMPA shall strive to prevent and/or eliminate all accidents at ARP Generation facilities and maintain a safe working environment. FMPA employees who are authorized to have unrestricted access to ARP Generation facilities will follow the most current APPA Safety Manual.

4.6.14.4.1 O&M Agent Safety:

Each respective O&M Agent is responsible for the safety of their employees working at each ARP generating facility and enforce their own respective safety standards. To the extent possible under the terms and conditions of each respective Agent O&M Agreement, FMPA shall encourage each Agent to utilize the most current APPA Safety Manual and communicate the minimum safety requirements that support a goal of zero reportable safety incidents. FMPA will also encourage each O&M Agent to comply with all aspects of the Occupational Safety and Health Act (“OSHA”) and any associated rules.

4.6.24.4.2 Safety Training:

Annual safety training of plant personnel is the obligation of the respective O&M Agent. In support of the O&M Agent safety training obligations, the Power Generation Fleet Director will communicate FMPA’s training goals and expectations for the coming Fiscal Year as an integral aspect of the respective Agent’s Operating Plan.

4.6.34.4.3 Accident Reporting:

All accidents must be reported immediately to the Power Generation Fleet Director who will then discuss with the Agency Risk Director. The Power Generation Fleet Director shall ensure that each ARP Generation facility provide, at a minimum, a quarterly statistical report to the Risk Management Department which details reportable accidents. For this Policy, accidents are

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

defined as OSHA reportable lost time accidents and incidents of property damage.

4.74.5 Regulatory Adherence:

The COO shall ensure that all relevant NERC, FERC and CIP guidelines are followed and appropriate documentation exists to ensure compliance with any regulatory audits.

5.0 Environmental

FMPA recognizes that efficient resource use and concurrent protection of the environment are vital to provide benefit to FMPA members, surrounding communities and for the continued success of the ARP. FMPA shall strive to act as a responsible steward of the environment and shall take responsibility for achieving and maintaining compliance with environmental regulations, be responsive to local environmental needs, and where no regulations exist, shall implement appropriate standards.

5.1 Compliance:

ARP Generation facilities shall comply with Federal and State laws, rules and regulations for the environment. FMPA shall strive to achieve zero Notices of Violations (NOVs) or fines. The Power Generation Fleet Director is responsible for ensuring that all filings are complete, accurate and timely, and shall report any NOVs to the Agency Risk Director upon receipt. When so notified, the Agency Risk Director shall report the NOV at the next scheduled Finance Committee (FC) meeting.

In the event that FMPA discovers a possible violation and intends to submit a “self-report” of the discovery, all such self-report submittals shall be discussed with the interested parties, the Generation Fleet Director and FMPA General Council prior to submittal, and to the EC at the next regularly scheduled meeting by the Power Generation Fleet Director.

5.2 Emission Allowances:

ASSET MANAGEMENT AND OPERATIONS POLICY
RISK MANAGEMENT POLICY
(Continued)

Allowance credits shall be managed by the Power Generation Fleet Director. Such activity shall include an annual evaluation of the expected allowance needs for the upcoming year with the Agency Risk Director. At the end of each fiscal year, ARP Generation allowances must meet the anticipated needs for the next fiscal year. Staff may purchase allowances to achieve this level, as appropriate. Excess credits shall be reviewed for possible sale to third parties. The General Manager must approve any sale of excess credits prior to execution.

6.0 Internal Controls

The COO shall maintain evidence of a system of internal controls, as deemed necessary, to ensure the safe and efficient operation and maintenance of the ARP generation assets, consistent with this Policy and associated procedures, and in accordance with all policies and procedural guidelines established in the FMPA Risk Management Policy. FMPA shall use a cost-benefits analysis when making decisions regarding the implementation of internal controls.

6.1 Continuing Education:

The COO shall ensure that appropriate staff maintains current knowledge regarding the operation and maintenance of electric power generating units related to the ARP generating assets.

6.2 Policy Compliance:

~~The Agency Risk Director~~ Internal Audit shall monitor compliance with this Policy and associated procedures and report such on an annual basis.

Any unresolved compliance issues will be presented to the FC, as needed, by the Agency Risk Director.

7.0 Reporting

The COO is responsible for causing the completion of the following reporting requirements:

7.1 O&M Report:

As part of the monthly scorecard to the BOD and EC, the CEO or COO should report the monthly review of ARP Generation for the prior month.

7.2 Environmental Report:

The Power Generation Fleet Director shall annually report to the ~~FC~~EC on the ARP's environmental compliance for the prior year. This report shall include, at a minimum, the emissions for each ARP Generation asset as compared to regulatory and permit allowances.

7.3 Regulatory Report:

As part of the Monthly Scorecard to the BOD and EC, the CEO or COO should report any non-compliance with NERC, FERC or CIP the monthly review of ARP Generation for the prior month.

8.0 Oversight Structure

The Agency Risk Director shall cause any material deviations from this Policy to be reported according to the guidelines set forth in Section 4.1 of the FMPA Risk Management Policy. An annual report on the operation and effectiveness of this Policy shall be presented to the Finance Committee as described in Section 7.0 of the FMPA Risk Management Policy. The Power Generation Fleet Director shall report on the current risk environment affecting FMPA's generation assets to the Risk Management Team as needed, and engage any necessary discussion before moving items to the appropriate governing body.

Appendix A

Florida Municipal Power Agency Risk Management Reporting Calendar Asset Management and Operations Policy				
Reporting Item	Frequency of Report	Responsible Party	Policy Section Reference	Policy Category Reference
Generation Unit Testing	Annual	Power Generation Fleet Director	Section 4.1	Operations:
Spending Authority Use Activity	As Needed	General Manager	Section 4.2.4	Budget and Spending Authority:
Generation Unit Availability	Annual	Power Generation Fleet Director	Section 4.3	Generation Unit Availability Metrics:
Accidents at Generation Facilities	As Needed	Power Generation Fleet Director	Section 4.4.3	Accident Reporting:
Statistical Safety Report	Quarterly	Power Generation Fleet Director	Section 4.4.3	Accident Reporting:
Known Regulatory Issues	As Needed	COO	Section 4.5	Regulatory Adherence:
All regulatory Self-Reports	As Needed	Power Generation Fleet Director	Section 5.1	Compliance:
Environmental Notice of Violation	As Needed	Agency Risk Director	Section 5.1	Compliance:
Policy Compliance	As Needed	Agency Risk Director Internal Audit Manager	Section 6.2	Policy Compliance:
O&M Report	Annual Monthly	COO	Section 7.1	O&M Report:
Environmental Report	Annual	COO Power Generation Fleet Director	Section 7.2	Environmental Report:
Policy Operation and Effectiveness	Annual	Agency Risk Director	Section 8.0	Oversight Structure

AGENDA ITEM 8 – ACTION ITEMS

b. Approval of Charter Change(s)

**Finance Committee Meeting
November 18, 2020**



Finance Committee Charter Revisions

Finance Committee

November 18, 2020

Recommended Changes

Quorum and administrative comments

- Each member of the Committee may designate another individual, who is an employee, elected or appointed official, or other representative of the same FMPA member utility as the Committee member, to serve as her or his alternate member of the Committee when the member cannot attend a Committee meeting
- Members of the Committee serve at the pleasure of the Executive Committee Chair or Board of Directors Chair, according to which officer appointed each member

FLORIDA MUNICIPAL POWER AGENCY

FINANCE COMMITTEE CHARTER

(as amended [NEW DATE] May 21, 2020)

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

I. MISSION.

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

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

II. MEMBERSHIP.

The membership of the Committee consists of a minimum of nine persons. The Executive Committee Chair shall appoint the chair of the Committee, who must be a member of the Executive Committee (or an Executive Committee alternate), and at least four other representatives of the All Requirements Project (ARP) participants. The Board of Directors Chair shall appoint at least four Committee members, who may be representatives of ARP participants or non-ARP members. Additional members of the committee may be appointed by Executive Committee Chair or the Board of Directors Chair, respectively. Members of the Committee serve at the pleasure of the Executive Committee Chair or Board of Directors Chair, according to which officer appointed each member.

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

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

Each member of the Committee may designate another individual, who is an employee, elected or appointed official, or other representative of the same FMPA member utility as the Committee member, to serve as her or his alternate member of the Committee when the member cannot attend a Committee meeting. Such designation must be made taking into account the experience of the alternate member, as described in (i)-(v) of the previous paragraph, except that the Chair of the Executive Committee may reject an alternate member designation if she or he determines the designated individual does not satisfy the experience requirements. And, such designation must be made in writing, at least three days before the initial meeting where the alternate will attend in the place of the Committee member, and delivered to the CFO or, in the absence of the CFO, one of the Committee Staff Representatives (as those terms are defined in IV).

III. MEETINGS.

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

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

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

IV. COMMUNICATIONS.

(1) The ~~Chief Financial Officer~~ (“CFO”) (or staff person with chief financial management responsibility, if such title is changed), (2) the General Manager, (3) the Audit Manager, and (4) the Treasurer and Risk Director (or person with chief risk management responsibility, if such title is changed) shall serve as the staff representatives to the Committee, or each of them may name a designee to fulfill their respective roles (the “Committee Staff Representatives”). The CFO shall have responsibility for coordinating the communications of the Committee and coordinating

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Committee meetings, including providing meeting notices to the Committee. Reports or requests from the Committee to the Board of Directors or the Executive Committee will also be coordinated by the CFO or his or her delegate.

V. AUTHORITY.

The Committee has no authority to bind FMPA or to make any decision on behalf of the FMPA Board of Directors or Executive Committee unless such authority is delegated to the Committee by resolution. The Committee serves in an advisory capacity to the Board of Directors and the Executive Committee. The Committee's role and authority, as otherwise determined by the Board of Directors and the Executive Committee, shall be set forth in the Florida Municipal Power Agency Risk Management Policy, which may supplement and shall control over any conflicting terms of this Charter.

VI. RESPONSIBILITIES.

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

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

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they arise.

5. *Access to Records and Others:* The Committee shall have the full resources and authority (i) to investigate any matter directly related to the mission of the Committee which is brought to the Committee's attention, with full access to all books, records, facilities and personnel of the Agency; and (ii) to request any officer or employee of the Agency, or the Company's independent auditors, to attend a meeting of the Committee or to meet with any members of the Committee.
6. *Asset Risk Management:* The Committee shall receive reports regularly, as deemed appropriate by the Committee, from risk management staff on the activities of the Asset Risk Management Group (Treasurer and Risk Director and assigned team members from operations and generation staff) and discuss matters related to asset risk management for the Agency as the Committee deems appropriate.
7. *Annual Review:* The Committee shall at least annually review and assess the adequacy of this Charter and request the Board of Directors or Executive Committee, as provided for in Section VII, to approve proposed amendments to this Charter as deemed appropriate by this Committee.
8. *Selection of Professionals:* The Committee shall review the selection process for financial professionals including external auditors, depository banks, trustee banks, underwriters, financial advisors, bond counsel, disclosure counsel, and others as deemed appropriate
9. *Compliance with Policies:* The Committee shall regularly hear reports from staff on the risk management activities of FMPA and all reports necessary for ensuring compliance with the Agency's risk management policies, including the Florida Municipal Power Agency-Wide Risk Management Policy and its constituent policies. The Committee is charged with oversight over the Agency's compliance with its risk management policies and shall report violations or discrepancies with those policies to the Board of Directors and Executive Committee, as appropriate.

VII. APPROVAL.

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

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AGENDA ITEM 8 – ACTION ITEMS

**c. Approval of Procurement Audit
Report**

**Finance Committee Meeting
November 18, 2020**



8c – Approval of Procurement Audit Report

Finance Committee

Nov 18, 2020

Operational Audits



- Procurement Audit

Procurement Audit

- Objective and Scope
- Audit Methodology
- Finding and Recommendations



Audit Objective

- Objective: Ensure adequate Policies and procedures in place for proper internal controls

Audit Methodology

- Review policies and procedures
- Document understanding
- Obtain sample transactions
- Perform analytical audit procedures
- Testing selected samples

Audit Finding & Recommendation

- Scope: Agency & Plant Sites
- Risk: Inconsistent vendor categorization could lead to incorrect management decisions
 - In this case, proper procedures were followed up until the point of categorizing the vendor
 - Designating a vendor incorrectly as a sole source vendor may prevent other steps from being completed in the procurement process. By its definition, sole source vendor means no other vendors are deemed qualified or able to meet FMPA's needs. Once a sole source determination is made, no formal Request for Proposal (RFP) is sought, and no additional bids are requested
- Audit Recommendation:
 - Appropriate vendor categories are understood and consistently applied
- Management Response:
 - Re-train staff to ensure proper knowledge of the policy and that vendors are accurately and consistently categorized



Questions?



Procurement Audit Report FY 2020

Audit Performed By:
Trent Lewis, MBA
Veda Sharma, CGAP, MSA
Liyuan Woerner, CPA, MBA

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<i>Example 1 Agreement Findings:.....</i>	Error! Bookmark not defined.
<i>Example 2 Process Findings:</i>	Error! Bookmark not defined.
<i>Example 3 Account Process Findings:</i>	Error! Bookmark not defined.

EXECUTIVE SUMMARY

We have audited the procedures related to the Policy in the following four sites which use Maximo:

- Treasure Coast Energy Center (TCEC)
- Stock Island Generating Facility (KEYS)
- Cane Island Power Plant (CANE)
- FMPA Agency Project

Based on our audit procedures, there was one exception noted.

DRAFT

BACKGROUND INFORMATION

Policy

In accordance with the BOD April 2017 approved Procurement Policy within the FMPA Policy and Employee Manual (“Policy”), FMPA is required to purchase goods on a competitively selected basis, unless these goods are \$5,000 or less, or are an exception within the Policy.

Purchasing Thresholds

Unless the purchased goods are \$5,000 or less, or are an exception within the Policy, the goods are required to be purchased under a competitive process using the following thresholds:

Threshold Amount	Competitive Requirement
\$ 5,001 - \$10,000	3 Request for Quotes
\$10,001 - \$50,000	3 Written Quotes
> \$50,001	3 Formal Bids/Proposals

Sole Source Criteria

Under the Policy guidelines, goods and services may be purchased without a competitive process, if at least one of the following criteria is met:

- The provider is the original manufacturer (OEM) of the item,
- The requested good is not interchangeable with those from another manufacturer,
- No other goods are available to meet FMPA’s specialized needs or intended functions,
- Detailed justification establishing that provider is the only source that is practically available to provide the goods, or
- The good must be purchased on an expedited or emergency basis per the Sr. Manager.

Authorization

Purchase requisitions (PR) are authorized in Maximo by utilizing the workflow function. Authorization requirements are as follows:

Position	1/1/18 to 10/16/18	10/17/18 to Current
GM/CEO	Up to \$200,000	Up to \$200,000*
COO	Up to \$50,000	Up to \$100,000
Power Gen. Fleet Manager	Up to \$20,000	Up to \$50,000
Plant Manager	Up to \$5,000	Up to \$5,000

**All expenditures over \$200,000 must be reported to BOD/EC*

AUDIT OBJECTIVE AND SCOPE

The scope of this audit consisted of the following:

- 1) Obtained a list of purchase requisitions and made sample selections by location.
- 2) Tested selections by determining:
 - a. If sole sourced items comply with sole source criteria per Policy.
 - b. If non-sole sourced items are purchased under a competitive process based on threshold amount.
 - c. If the selected items have been properly approved.
- 3) Followed-up with site locations and obtained additional explanations and/or documentations for any discrepancies

The primary objective of this audit is to verify that FMMA Management has assessed the procurement risks in their everyday operations by ensuring its compliance with Agency Policy.

AUDIT METHODOLOGY

The contract compliance audit team utilized a risk-based approach from planning to testing in the Procurement Policy Compliance review. To obtain a thorough understanding of the Procurement process, the auditors compiled information through walkthroughs, research, interviews, observations, and analytical data reviews.

The following steps were taken to accomplish the audit objective:

- Identified applicable FMMA policies, procedures, and other supporting documents related to the Procurement process
- Interviewed responsible agency management and staff
- Reviewed agency documentation of competitive bids solicited from outside vendors
- Verified that management conducted a review of purchase requisitions had appropriate documentation.
- Reviewed Maximo database for evidence that controls, policies, and procedures are being followed.

AUDIT FINDINGS AND RECOMMENDATIONS

Based on our audit procedures, there was one exception noted in the management of FMPA's Procurement policy.

The table below provides a breakdown of all transactions:

Site	Total Transactions	Total Cost	Sample Selections	Exceptions
Agency	69	\$1,371,247.27	22	1
Plants	1,080	\$25,120,788.90	18	0
Total	1,149	\$26,492,036.12	40	0

1. Agency

- a. **Audit Findings** – We noted that the Agency complied with the Procurement policy. There was one instance where a vendor was miscategorized as a sole source vendor. This vendor is not a sole source vendor. (PR#13642 and 14006).

Audit Recommendations – We recommend that IT/OT Cybersecurity Director re-train staff and makes sure that appropriate categorization of each vendor is consistently applied.

Management Response: - We will re-train staff and make sure that the correct categorization is consistently applied to all procurement-related activities.

2. Plant Sites

- a. **Audit Findings** – we noted that there were no findings.

**AGENDA ITEM 9 – INFORMATION
ITEMS**

a. Recommended Debt Transactions

**Finance Committee Meeting
November 18, 2020**



FC 9a – Recommended Debt Transactions

Finance Committee

November 18, 2020

FMPA's Mission Important for Floridians

Lower Wages, Less Disposable Income, Higher Consumption



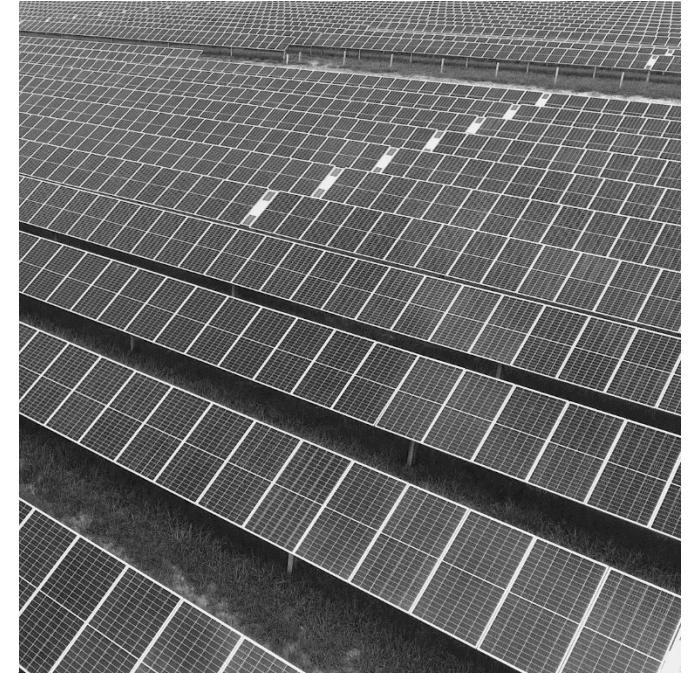
LOW-COST POWER

Customers Need It



RELIABLE POWER

Customers Expect It



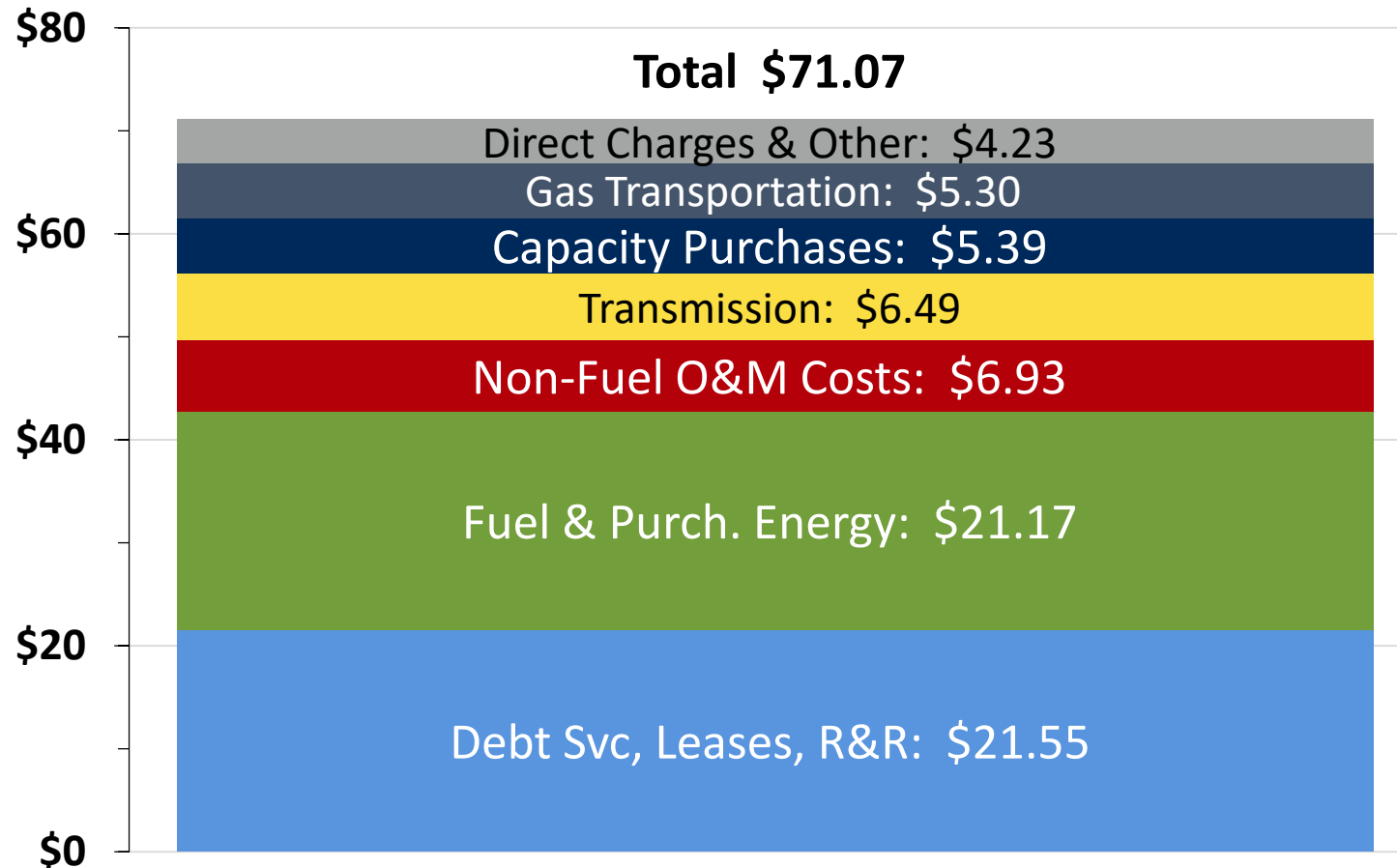
CLEAN POWER

Customers Want It

Why Focus on Debt?

Debt Makes Up 30% of the Rate Cost

FY 2021 ARP Budget by Category (\$/MWh)



Debt Decisions

Important for Low Cost of Power

- Important part of our capital structure
- Allows us to spread costs over the economic life of the assets
- Equitable way to allocate costs to all users over a reasonable period of time
 - Not today's customers paying for assets customers benefit from 10 – 15 years later
- Key component of our rate framework
- FMPA's goal is to strategically utilize debt to help keep lower costs and maintain our overall strong financial metrics

Summary of Ideas-ARP

Debt Cost Reduction Strategies

- Issue new money for ARP capital projects in the 5 year capital plan
 - Tax exempt
 - Taxable
- Finance the 2 lines of credit in a different way
 - Bank Loan-taxable
 - Bond financing-taxable
- Lower R&R funding in conjunction with new money funding
- Use rate protection account funds

Rate Protection Account Meeting Original Need

Rates Not Higher Than Otherwise

- Actual gas prices are running 12% below forecast used for original projections, which means overall Participant costs lower
- \$30M (initial) reserve covering excess costs until late FY21
- Debt savings starting FY22 more than covers costs creating large additional balance
- No final target balance or time horizon was set for account
- FMIPA will have fulfilled commitment to Members and Bond holders in FY22

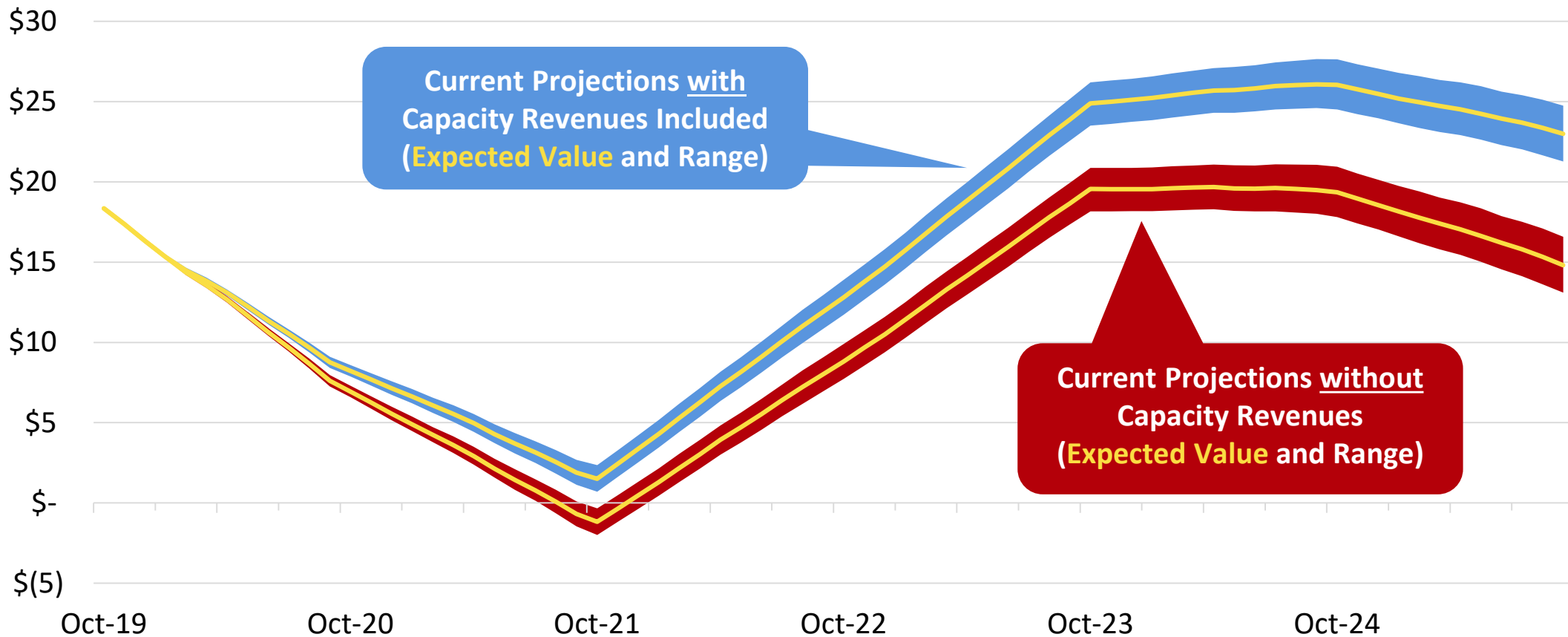
Rate Protection Account Meeting Original Need (contd.)

Rates Not Higher Than Otherwise

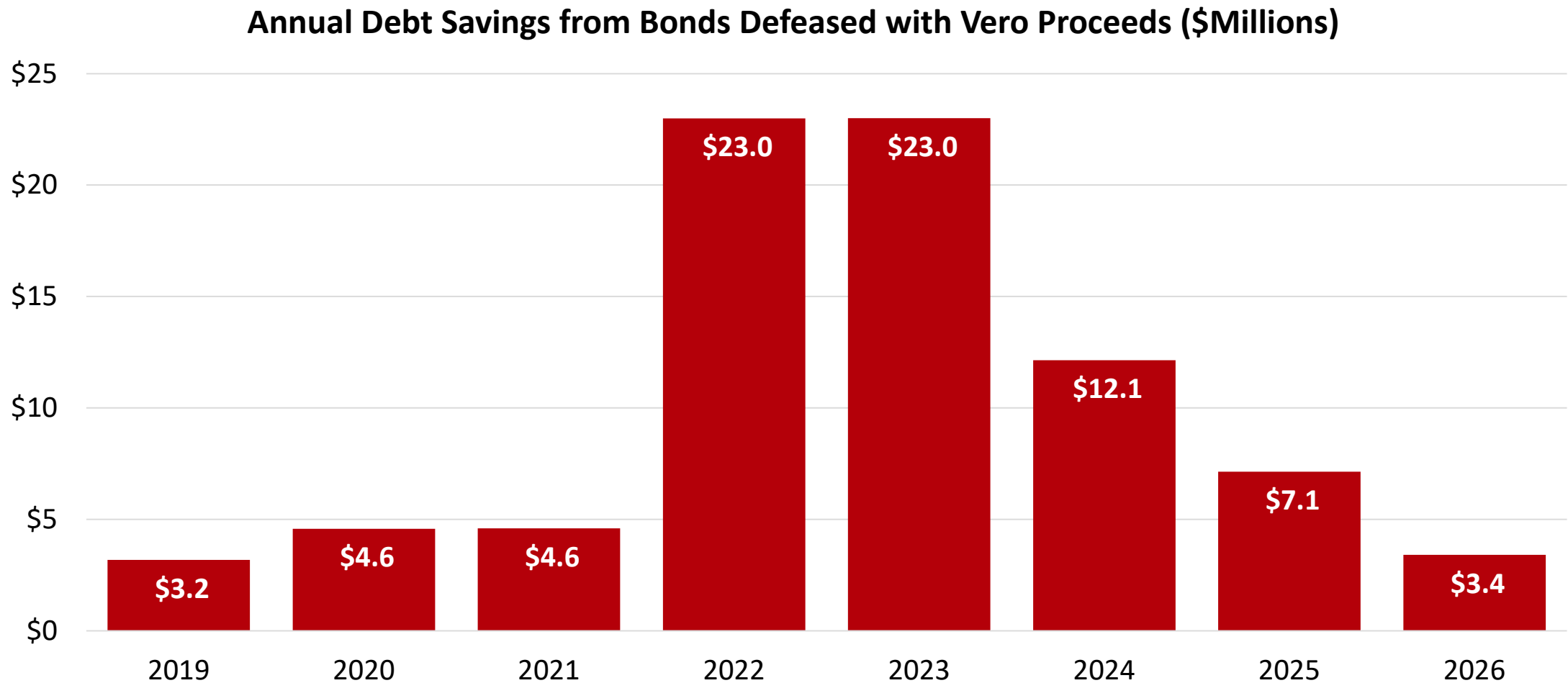
- Original analysis assumed Stanton 1 retirement at end of FY 2019
 - Continued operation adds \$3 - \$5 million per year in fixed costs for Vero entitlement
 - Coal units operating above expected levels until 2023 – 2025
- Capital costs was \$1.5M higher than assumed
 - Stanton 1 and 2 turbine upgrades
 - Landfill expansion schedule advanced and at over 50% higher cost than original budget

With Capacity Revenues, Rate Protection Account Balance Projected to Remain Positive

Projected Rate Protection Account Balance (\$Millions)



Annual Debt Savings are Not Level



After Meeting Vero Commitment

What Do Members Want to Do with Excess Funds?

1. FMPA can build higher reserves – limited value to members and no better credit ratings
2. Members can manage funds at member level and
 - a. Lower rates to customers
 - b. Build reserves for utility
 - c. Invest in system
 - d. Provide Value to Community
3. FMPA can assist Members with setting up individual reserve accounts at FMPA level, if desired

Debt Options

Rate Impact Comparisons [1]

Year	Current Rates [2]	Option #1 (New money \$40M; reduce RR by 50%) [3]	Option #2 (New money + LOC \$140M; reduce RR by 50%) [3]	Option #3 (New money \$40M; reduce RR by 50%; target RPA \$10M, remaining to reduce rates) [3]
2020	\$66.24	\$66.24	\$66.24	\$66.24
2021	\$68.99	\$68.11	\$68.09	\$68.11
2022	\$71.67	\$70.25	\$70.21	\$69.93
2023	\$71.60	\$70.73	\$70.69	\$68.96
2024	\$72.41	\$71.06	\$71.02	\$70.93
2025	\$74.19	\$73.17	\$73.13	\$73.17
2026	\$73.03	\$72.03	\$71.99	\$72.86
2027	\$72.49	\$71.89	\$71.85	\$73.24

[1] Projections shown do not reflect the financial impact of converting Stanton 1 & 2 from coal to natural gas.

[2] Assumes \$10M financing in 2022 and \$22M financing in 2025 for capital improvements; \$75M total R&R contribution through 2027.

[3] Assumes \$40M financing in 2021 and \$30M financing in 2025 for capital improvements; \$42M total R&R contribution through 2027.

All Requirements Debt Transaction

Secure New Money for Capital Projects

Action	Date	Responsible Party
Prepare documents with options for approval	December 1, 2020	Debt Financing team
Executive Committee (EC) approval <ul style="list-style-type: none"> Transaction options Resolution(s)/parameters RFP parameters 	December 10, 2020	EC
Issue RFP	December 10, 2020	FMPPA
Make rate change related to R&R adjustment, if approved	February, 2021	FMPPA
Select transaction type/financial partner	2 nd week of January 2021	FMPPA/Debt financing team
Close transaction	3 rd week of February 2021	FMPPA
Approve rate adjustment	March 2021	EC
Rate adjustment	April billing	FMPPA

Summary of Ideas-St. Lucie

Debt Cost Reduction Strategies

- Refinance St. Lucie bonds – several options
 - Taxable advance refunding
 - Less savings
 - Can be done anytime
 - Tax exempt forward refunding
 - More savings than taxable option
 - More restrictive time table
 - Tax exempt current refunding
 - More savings than other options
 - Most restrictive time table

Next Steps-St. Lucie

- **Starting end of March 2021**
 - Obtain Board approval
 - Issue RFP
 - Select financial partner(s)
 - Complete transaction

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**b. Review of Risk Policy Compliance
Report(s)**

**Finance Committee Meeting
November 18, 2020**



9b – Review of Risk Policy Compliance Report

Finance Committee

November 18, 2020

Compliance Covered & Review Result

- Asset Management Policy (appendix I)
- One exception noted for Policies covered during this review cycle
 - Annual fuel oil reliability testing was not done at TCEC (Treasure Coast Energy Center) due to mechanical issues
 - Risk: we wouldn't have the 60 hours of liquid fuel generation available in the case of a gas supply failure
 - FMPPA is working with GE to resolve the mechanical issue regarding the liquid fuel system



Discussion

Policy Compliance Review

Asset Management and Operations Policy (Appendix I)

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

Review period: October, 2019 to September, 2020

Responsible Manager(s): David Schumann, Power Generation Fleet Director

<i>Policy Compliance:</i> Indicate whether the following items required in the Asset Management and Operations Policy were completed during the review period.			
REQUIREMENT	YES	NO	EXPLANATION
The Chief Operating Officer (COO) caused processes to be documented. (Section 3.0)	X		
Annual heat rate testing was conducted for each ARP non-peaking generation unit. (Section 4.1.1)	X		Trended and monitored real-time, published monthly
Heat rate testing was conducted at least once every two years for each ARP peaking generation unit. (Section 4.1.2)	X		FMPP performed capacity test
Annual fuel oil reliability testing was performed for each ARP dual-fuel capable generation unit. (Section 4.1.3)		X	Cane 1 was tested on liquid fuel, and TCEC was unable to test due to mechanical issues
Original Equipment Manufacturer (OEM) maintenance specifications were followed for all non-peaking ARP units prior to nearing the end of a unit's economic life. (Section 4.2)	X		Intermediate/Base units at Cane Island and TCEC follow OEM requirements during scheduled outages
The COO prudently determined whether OEM specifications were economically justified for non-peaking units nearing the end of their economic life. (Section 4.2)	N/A		None during period
Generation Fleet Director coordinated decisions to delay maintenance with System Operations Manager and Senior Financial Analyst. (Section 4.2.1)	N/A		None during period
Generation Fleet Director notified the Agency Risk Manager of pending maintenance deferrals, providing supporting documentation. (Section 4.2.1)	X		Agency Risk Manager regularly attends O&M meetings regarding maintenance decisions
Maintenance deferrals were approved by the COO and presented to the CEO for final approval. (Section 4.2.1)	X		Some work due to COVID was delayed falling

Policy Compliance Review

Asset Management and Operations Policy (Appendix I)

Policy Compliance (continued):

REQUIREMENT	YES	NO	EXPLANATION
Reliability Centered Maintenance ("RCM") operating and maintenance procedures were followed. (Section 4.2.2)	X		
All proposed capital/maintenance budget items costing in excess of \$1 million were reviewed by the GR&A prior to submission for EC budget approval. (Section 4.2.3)	X		
An annual O&M report was provided to the BOD and EC, the CEO or COO (Section 4.3) and included specified unit metrics (Section 7.1)	X		Reported to each Board and EC as part of the scorecard
Policy specified budget and spending authority guidelines were followed. (Section 4.2.4)	X		
All OSHA reportable lost time accidents and incidents of property damage were reported to the Risk Management Department. (Section 4.4.3)	X		Monthly plant reports
The COO ensured that all relevant NERC and CIP guidelines were followed during the period. (Section 4.6)	X		
Each environmental "Notice of Violation" and "self-report" was reported to Agency Risk Manager and EC by the Generation Fleet Director during review period. (Section 5.1)	X		Reported to each Board and EC as part of the scorecard
An annual evaluation of expected emission allowance needs were reviewed jointly by the Generation Fleet Director and Agency Risk Manager. (Section 5.2)	X		
The Annual Environmental Compliance Report was provided to EC during the review period. (Section 7.2)	X		Report provided to the EC in the May, 2020 meeting

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

OBJECTIVE	1	2	3	4	EXPLANATION
Controls are in place to identify and assess risks related to the operation and maintenance of generating assets.				X	CSA agreement with GE, FM Global review and an additional borescope done annually
All applicable laws and regulations concerning the operation and maintenance of generating units are followed.			X		
Generation assets maintain a heat rate equal to or better than industry standard.			X		Heat rates continually monitored and comparisons to Industry using GE's MyFleet, NERC GADS, PI Coresight. Heat rate is slipping due to new technology being implemented on non-FMPA units

Policy Compliance Review

Asset Management and Operations Policy (Appendix I)

EAF goal was achieved across the ARP Generation fleet.				X	Policy Target Goals set higher than industry average
Long-lead critical items for base and intermediate load units are available within a six month time frame.		X			Manufacturing is behind due to COVID delays.

<i>Internal Control Assessment (continued)</i>					
OBJECTIVE	1	2	3	4	EXPLANATION
Goal of zero environmental Notice of Violation issued or related fines is achieved.			X		No NOV's issued before self-report. Annual training sessions held.
Plant site O&M agents utilize the most current APPA Safety Manual and comply with OSHA/City defined rules.			X		Plant operating agents follow their own respective safety procedures.
Goal of zero OSHA reportable lost time accidents and reporting of incidents of property damage is achieved.			X		1 LTA's this year at Cane. Reported monthly to the BOD and EC by the CEO
Appropriate staff maintains current knowledge regarding operation and maintenance of generating units.			X		FMFA Staff attendance of FM Global industry conference and 7FA Users Conference, Benchmarking with other utilities.

Are there any concerns related to asset management and operations risk management which should be brought to the attention of the General Manager as part of this review?

Yes ☐ No ☒ If yes, describe below.

Are there internal control concerns related to asset management and operations risk management which require immediate attention?

Yes ☐ No ☒ If yes, describe below including any change to risk inventory controls score.

Asset Management and Operations Policy (Appendix I)

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

1	2	3	4	EXPLANATION
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Additional comments from responsible Manager(s):

Are there any emerging risks or environmental changes which impact asset management and operations risk management?

Yes ☐ No ☒ If yes, describe below including any proposed changes to risk inventory.

Other comments:

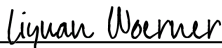
Rating scale for Policy compliance reviews:

- 1 = Risk management practices not in place.
- 2 = Risk management practices in place are not effective in meeting Policy requirements.
- 3 = Risk management practices in place meet Policy requirements.
- 4 = Risk management practices in place exceed Policy requirements.

Risk Management Department
Policy Compliance Review
Asset Management and Operations Policy (Appendix I)

Standard of compliance:

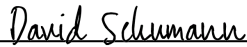
Completion of this review indicates that the Risk Management Reviewer has verified existence of applicable procedures or process documentation and believes them to be reasonably sufficient and up-to-date.

DocuSigned by:

4592B56DD85142A

Risk Management Reviewer

10/21/2020

Date

DocuSigned by:

D574BB2AFD81B4E3

Responsible Manager Signature

10/22/2020

Date

DocuSigned by:

B574BC50ABB8044E

Risk Director Signature

10/21/2020

Date

DocuSigned by:

B5740F13185C148A

Responsible Executive Officer Signature

10/22/2020

Date

**AGENDA ITEM 9 – INFORMATION
ITEMS**

c. Annual Debt Report 2020

**Finance Committee Meeting
November 18, 2020**



Annual Debt Report*

As of 9/30/2020

Finance Committee

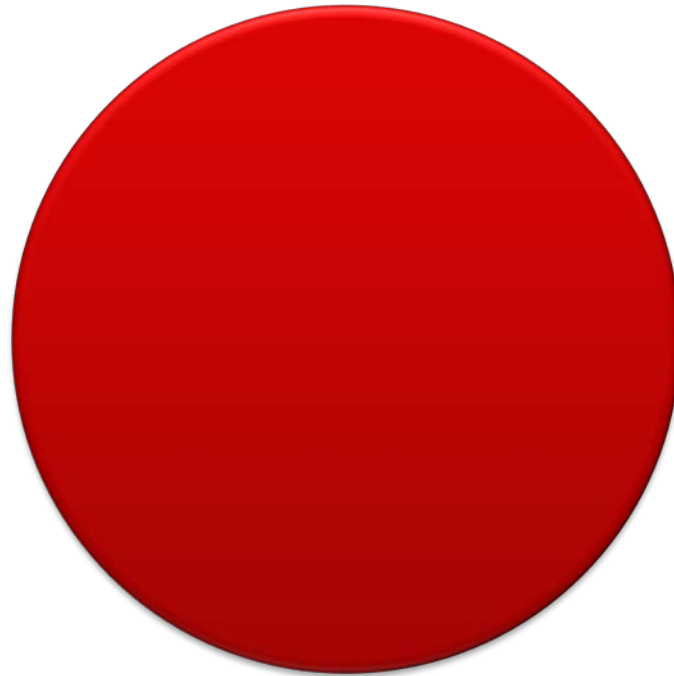
November 18, 2020

*Unaudited

100% of All Project Debt is Fixed

As of November 2019 no more Variable Rate Debt or Swaps

Total Fixed Rate Debt: 1,014,010,350.00
100%



Includes All of FMPA Debt

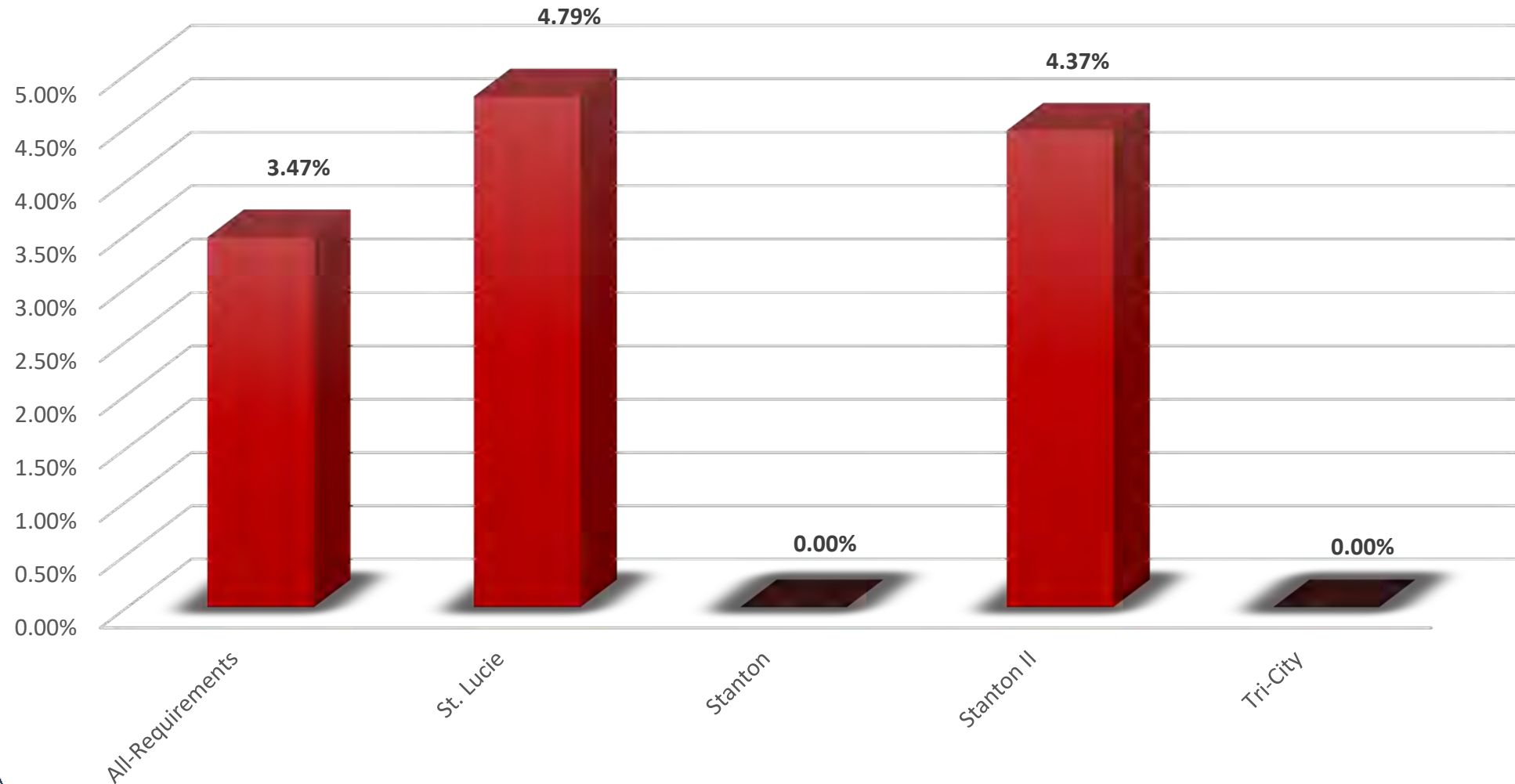
FMPA Reduces Debt by \$116.2M in 2020

ARP Refunded 2008C & 2013A Variable Rate Debt with swaps in November 2019 to avoid any future LIBOR rate risk

Project	9/30/20 \$'s in 000's	9/30/19 \$'s in 000's	Debt Reduction
All-Requirements	785,140	860,323	<75,183>
St. Lucie	117,135	134,850	<17,715>
Stanton	0	8,985	<8,985>
Stanton II	111,735	122,801	<11,066>
Tri-City	0	3,290	<3,290>
Total	\$1,014,010	\$1,130,249	<\$116,239>

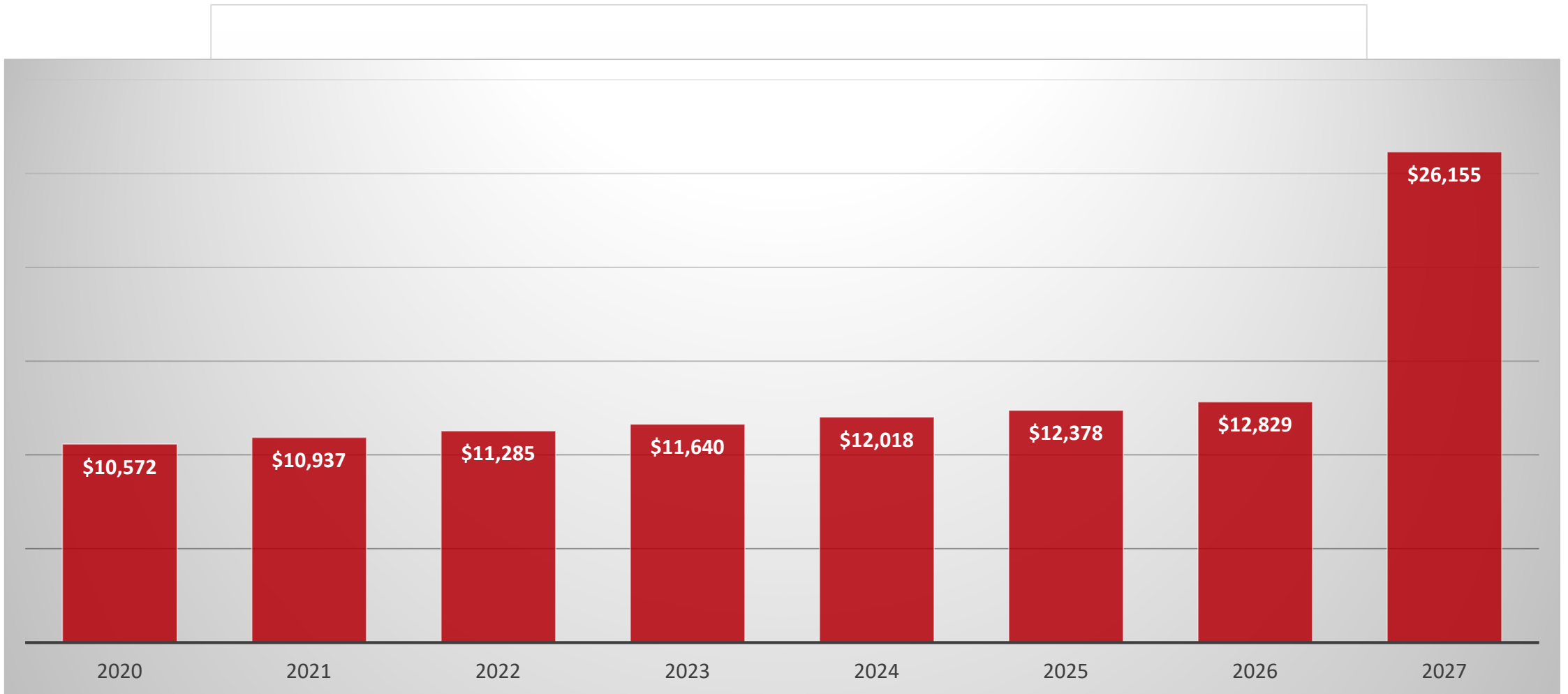
True Interest Cost of Debt by Project

Stanton and Tri-City debt was paid in full 10/1/2019



General Reserve Can Fund Final Payment

Stanton II (\$'s in 000's)



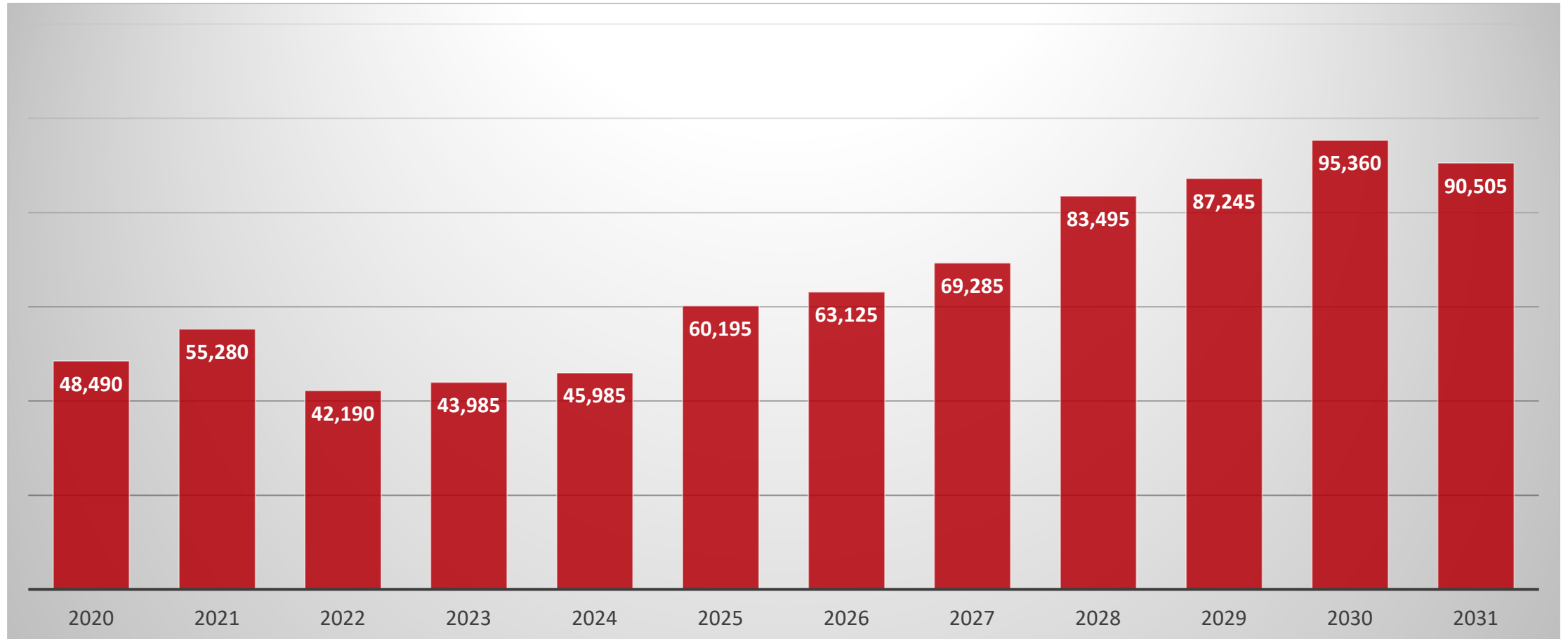
\$43.4M in Investments Currently Held

St. Lucie Project (\$'s in 000's)



All-Requirements Project

Debt as of 9/30/2020 (\$'s in 000's)





QUESTIONS

ARP Bonds Purpose of Bonds Summary

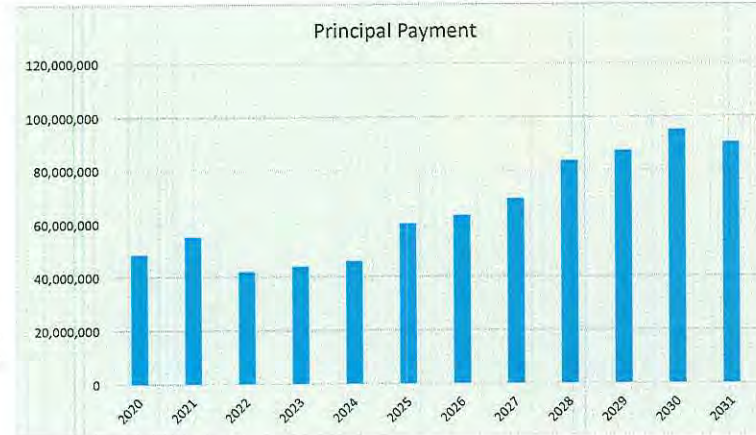
	Total Amount Issued (millions)	Purpose	Amount Outstanding as of 9/30/2020
ARP 2015B	\$115,770,000	Pay off 100% of the Taylor Swap termination fees and draws under the credit agreement	\$98,790,000
ARP 2016A	\$424,120,000	Refunded portion of 2008A and 2009A bonds	\$424,120,000
ARP 2017A	\$69,625,000	Refund 2011A-1, 2011B and interest rate swaps associated with the bonds	\$69,625,000
ARP 2017B	\$52,925,000	Refund 2011A-2 and interest rate swap associated with the bond	\$52,925,000
ARP 2018A	\$57,790,000	Refund all outstanding 2008A Bonds maturing on and after October 1, 2020	\$57,790,000
ARP 2019A	\$75,220,000	Refund 2008C and interest rate swaps associated with the bonds	\$75,220,000
ARP 2019B	<u>\$6,670,000</u>	Refund 2013A bonds	<u>\$6,670,000</u>
Total	<u>\$802,120,000</u>		<u>\$785,140,000</u>

**Non-ARP Bonds
Purpose of Bonds Summary**

Series	Total Amount Issued (millions)	Purpose	Amount Outstanding as of 9/30/2020
St Lucie 2010	\$20,500,000	Finance capital improvements.	\$4,290,000
St Lucie 2011A	\$34,870,000	Partial refund of the 2002 bonds and interest rate swaps	\$19,930,000
St Lucie 2011B	\$24,305,000	Finance capital improvements and pay costs of issuance	\$24,305,000
St Lucie 2012A	\$58,870,000	Partial refund of the 2000 and 2002 bonds with interest rate swaps	\$58,870,000
St Lucie 2013A	\$24,305,000	Finance capital improvements	\$9,740,000
Stanton II 2012A	\$77,520,000	Refund 2002. Partial refund of the 2000 and 2004 w/swaps. Finance capital improvments	\$46,330,000
Stanton II 2017A	\$21,888,000	Refund 2000 auction rate securities and interest rate swaps	\$21,114,000
Stanton II 2017B	\$50,019,000	Refund 2004 auction rate securities and interest rate swaps	\$40,370,000
Stanton II 2020-1	\$3,921,350	Pooled Loan refunded 2009A bonds	\$3,921,350
Total	<u>\$316,198,350</u>		<u>\$228,870,350</u>

ARP - CALCULATION BASED ON AVERAGE FY20 BILLING DEMAND

	Average Monthly Billing Demand (MW) FY 2020	% of Total	Bonds, Notes and Loans Outstanding as of 9/30/2020 ¹
Bushnell	11.784	1.0%	7,657
Clewiston	19.358	1.6%	12,578
Fort Meade	8.884	0.7%	5,772
Fort Pierce	95.864	7.9%	62,288
Green Cove Springs	22.452	1.9%	14,588
Havana	4.983	0.4%	3,238
Jacksonville Beach	149.859	12.4%	97,372
KUA	346.906	28.7%	225,404
Key West	135.852	11.2%	88,271
Lake Worth	0.000	0.0%	0
Leesburg	107.081	8.9%	69,576
Newberry	8.300	0.7%	5,393
Ocala	284.764	23.6%	185,027
Starke	12.276	1.0%	7,976
Total	1,208.363	100.0%	785,140

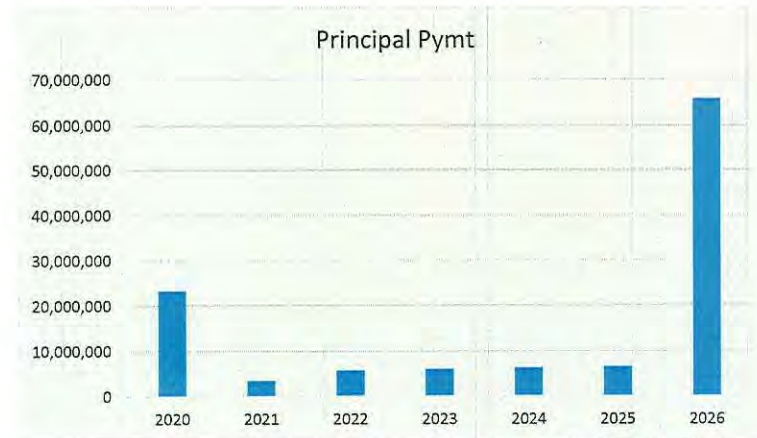


Payment October 1	Principal Payment
2020	48,490,000
2021	55,280,000
2022	42,190,000
2023	43,985,000
2024	45,985,000
2025	60,195,000
2026	63,125,000
2027	69,285,000
2028	83,495,000
2029	87,245,000
2030	95,360,000
2031	90,505,000
	<u>785,140,000</u>

Footnote: ARP Participants' percent share of ARP debt payments varies monthly based on their monthly peak demand (less Excluded Resource capacity, if any) during the hour of the ARP system peak. Due to weather and other factors, such allocations can vary significantly from month to month. Additional factors such as varying levels of load growth among the Participants would also impact the allocations over time. Amounts shown are for illustrative purposes only and are based on each Participant's average monthly ARP billing demand during Fiscal Year 2020. It is important to note that this calculation is not the same as the calculation of outstanding ARP debt that each Participant would be required to pay in the event it exercised its right to withdraw from the ARP pursuant to Section 29 pf the ARP Contract

ST. LUCIE - Entitlement share by participant

Entitlement Share %	Bonds, Notes and Loans Outstanding as of 9/30/2020 ¹	FY2020 Debt Service Related Budget ^{2,3,4}
	(\$000)	(\$000)
0.431%	505	124
2.202%	2,579	635
0.336%	394	97
15.206%	17,812	4,384
1.757%	2,058	507
8.269%	9,686	2,384
7.329%	8,585	2,113
9.405%	11,017	2,711
2.326%	2,725	671
24.870%	29,131	7,170
0.384%	450	111
0.184%	216	53
9.884%	11,578	2,849
2.215%	2,595	639
15.202%	17,807	4,383
100.000%	117,135	28,829



Payment October 1	Principal Pymt
2020	23,320,000
2021	3,495,000
2022	5,765,000
2023	6,020,000
2024	6,290,000
2025	6,540,000
2026	65,705,000
	<u>117,135,000</u>

¹ Makes no assumption about any new debt needs.

² Annual debt-service-related budget amounts may vary by year.

³ Use of monies on hand may reduce total debt service budget amounts collected from rates. As of 9/30/2020, \$43,470,608 (par amt) of investments in the General Reserve, Contingency, and Debt Service Reserves related accounts.

⁴ Final debt service payment is October 1, 2026. Plant licensed by NRC to operate until 2043.

STANTON II - Entitlement share by participant

	Bonds, Notes and Loans Outstanding as of 9/30/2020 ¹	FY2020 Debt Service Related Budget ^{2,3,4}
Entitlement Share %	(\$000)	(\$000)
ARP	16.489%	18,424
FORT PIERCE	16.489%	18,424
HOMESTEAD ^A	8.244%	9,211
KUA ^A	32.977%	36,847
ST. CLOUD	14.671%	16,393
KEY WEST	9.893%	11,054
STARKE	1.237%	1,382
	100.000%	111,735

^A Reflects impact of 100% and 50% Entitlement Share assignments respectively from Lake Worth and Homestead to KUA.

¹ Makes no assumption about any new debt needs.

² Annual debt-service-related budget amounts may vary by year.

³ Use of monies on hand may reduce total debt service budget amounts collected from rates. As of 9/30/2020, \$33,636,655 (par amt) of investments in the General Reserve, Contingency and Debt Service Reserve accounts.

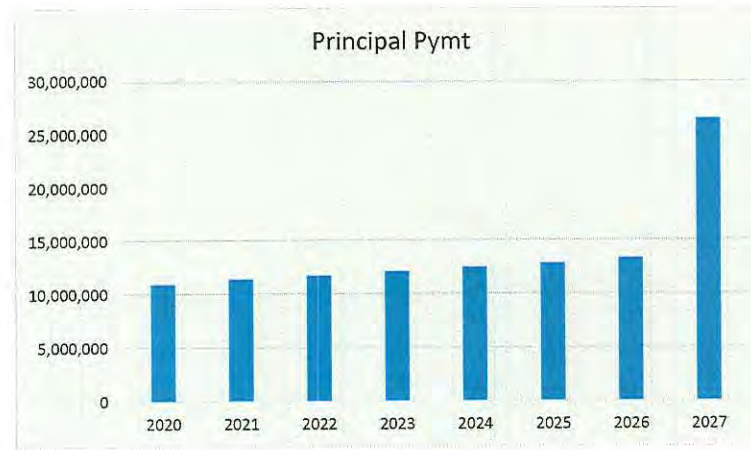
⁴ Final debt service payment is October 1, 2027.

⁵ Funds on hand in 2027 will be used to reduce payment amount to typical amount level.

See note ³ above.

Indicates amounts paid by ARP due to Participant being in the ARP

Indicates the partial assignment taken from the City of Vero Beach



Payment October 1	Principal Pymt
2020	10,994,879
2021	11,449,492
2022	11,806,603
2023	12,170,876
2024	12,558,314
2025	12,927,920
2026	13,388,697
2027	26,438,569 ⁵
	<u>111,735,350</u>

AGENDA ITEM 10 – REPORTS

a. FGU October Report

**Finance Committee Meeting
November 18, 2020**

FMPA Storage Management Report

Florida Gas Utility

October 2020



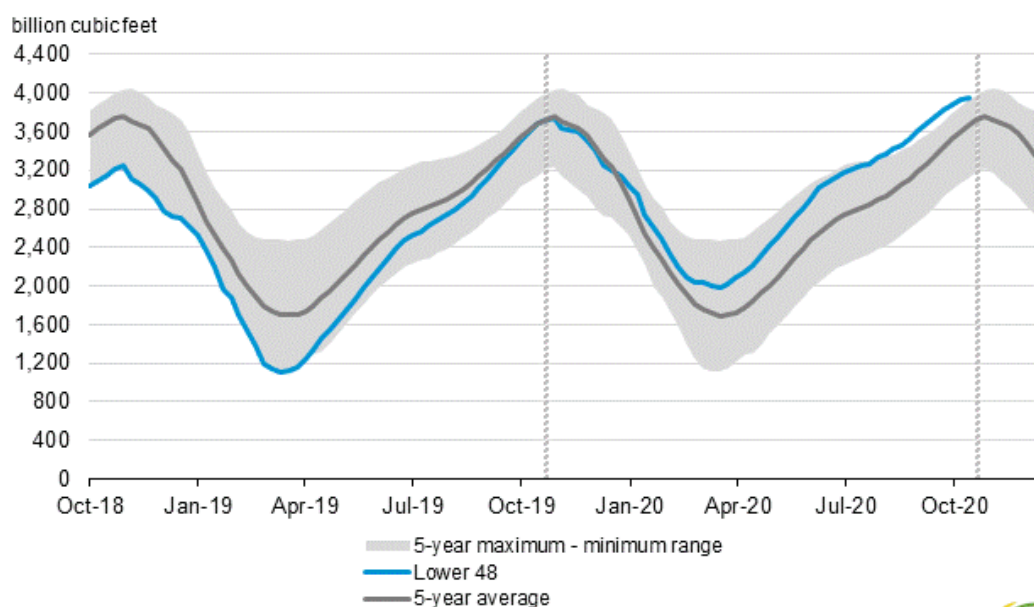
Executive Summary – October 2020 Activity

During October 2020, FGU conducted no physical gas withdrawal/injection activity as FMPA's inventory position remains nearly full and the forward price curve provides the economic incentive to store gas until the peak of this coming winter. FMPA's optimized storage position, as of October 31, 2020, is long 485,919 Dths of storage inventory (97% full) and short a total of 485,000 Dths of financial hedges (short 235,000 Dths of December 2020 futures and short 250,000 Dths of February 2021 futures). FMPA's overall net optimized storage position increased in value by \$227,366 during the month of October 2020 as the market value of the inventory reflects the increasing value of each subsequent month of the NYMEX forward curve moving into the winter premium.

As the summer storage injection season came to an end with record high levels of inventory, cash market prices for natural gas saw significant volatility during October. The shock absorber that available storage capacity provides to balance periods of excess supply was nearly exhausted as full inventory levels prevented significant injections from occurring during the first half of the month despite low gas demand and even lower cash market prices. During the two-weeks of 10/3/2020 – 10/16/2020, the EIA estimated that gas in storage increased by 95 Bcf while cash market gas prices at Henry Hub averaged \$1.92/Dth, \$0.76/Dth below the average of the prompt-month NYMEX contract. During the same two-week period in 2019, the EIA estimated an increase of 191 Bcf of gas storage when cash prices averaged a discount of only \$0.08/Dth below the then prompt-month NYMEX contract. For much of this year, FMPA's storage inventory has been in a similar, nearly full condition that prevented additional storage injections despite the lucrative market conditions.

Total storage inventory in the lower 48 states, as estimated by the EIA, stands at 3,955 Bcf as of 10/23/2020. This is 8% above both the year-ago level and the historical five-year average level. As shown in the chart below, current inventory is also above the absolute level of the historical five-year range for late October.

Working gas in underground storage compared with the 5-year maximum and minimum



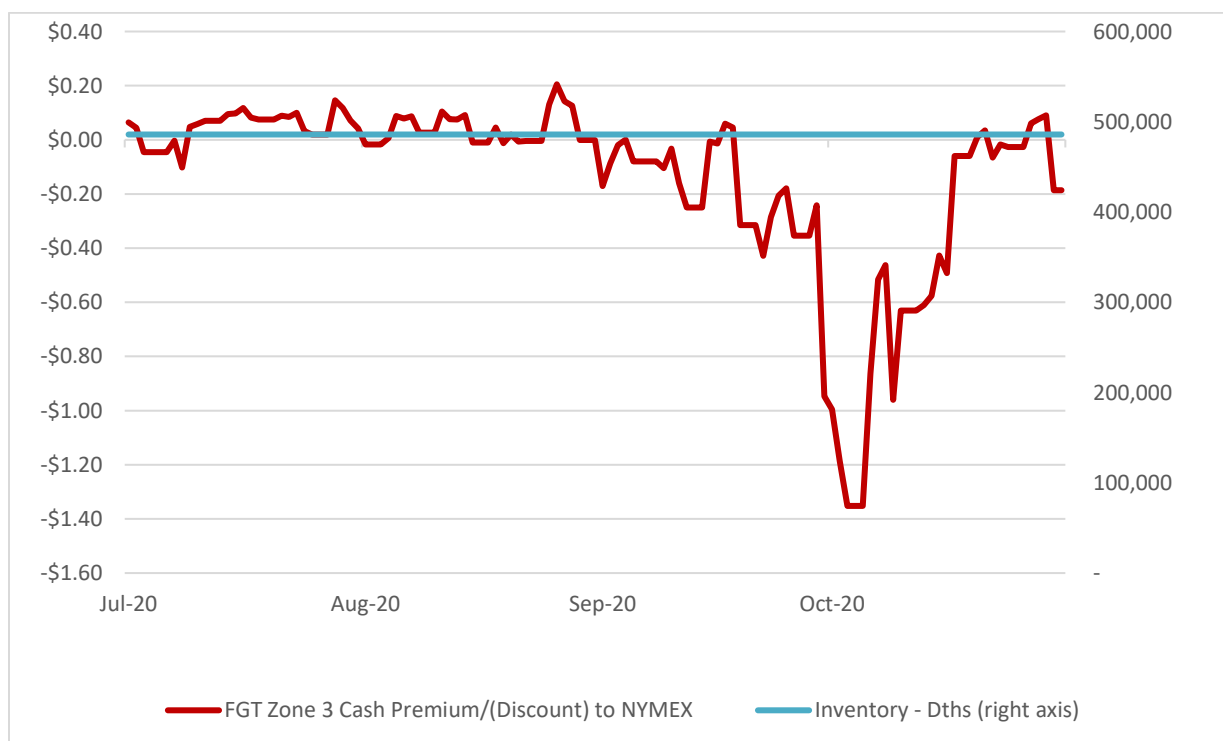
Source: U.S. Energy Information Administration



FGT Zone 3 Cash Market vs NYMEX Prompt-Month Futures



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



Summary of Existing Physical Inventory Position (10/31/2020)

Total Inventory Volume	Total Inventory Cost	Inventory WACOG	Market Value	Marked to Market	Unrealized Gain/(Loss)
485,919	\$1,215,617	\$2.50	\$3.38	\$1,644,350	\$428,733

Summary of Existing Financial and Forward Physical Risk Management Positions (10/31/2020)

Delivery Month	Net Position (Dths)	Realized Gain/(Loss) to Date (\$)	Open Equity (\$)	Total Value (\$)
Nov-19	0	\$8,168	\$0	\$8,168
Dec-19	0	\$17,680	\$0	\$17,680
Jan-20	0	\$96,755	\$0	\$96,755
Feb-20	0	\$282,553	\$0	\$282,553
Mar-20	0	\$623	\$0	\$623
Apr-20	0	\$56,115	\$0	\$56,115
May-20	0	(\$31,785)	\$0	(\$31,785)
Jun-20	0	\$56,455	\$0	\$56,455
Jul-20	0	\$91,098	\$0	\$91,098
Aug-20	0	(\$73,548)	\$0	(\$73,548)
Sep-20	0	(\$153,440)	\$0	(\$153,440)
Oct-20	0	\$140,983	\$0	\$140,983
Nov-20	0	(\$55,000)	\$0	(\$55,000)
Dec-20	(235,000)	\$0	(\$18,565)	(\$18,565)
Jan-21	0	\$0	\$0	\$0
Feb-21	(250,000)	\$0	(\$221,170)	(\$221,170)
Mar-21	0	\$0	\$0	\$0
Apr-21	0	\$0	\$0	\$0

Summary of Historical Value - Physical and Financial (December 2009 through October 2020)

Optimization Activity	Net Position (Dths)	Total Realized Gain/(Loss)	Unrealized Gain/(Loss)	Total Storage Net Benefit
Current Physical/Financial Positions (10/31/2020)	919	\$3,151,112	\$188,998	\$3,340,110
Fees & Commissions		(\$58,066)		\$3,282,044
NJRES Capacity Release		\$477,598		\$3,759,642
Sale of Call Options (Jan 2015)		\$26,000		\$3,785,642

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

Month	Actual Injection Cost/ NYMEX Curve (10/31/2020)	Actual/ Anticipated Cash Flow (\$)	Net Injection Volume (Dths)	Net Withdrawal Volume (Dths)	Running Inventory Balance at End of Month (Dths)	Running Inventory Cost Balance (\$)	WACOG (\$/Dth)
Feb-20	\$0.00	\$0	0	0	497,948	\$1,245,710	\$2.502
Mar-20	\$0.00	\$0	0	0	497,948	\$1,245,710	\$2.502
Apr-20	\$0.00	\$0	0	0	497,948	\$1,245,710	\$2.502
May-20	\$0.00	(\$30,093)	0	12,029	485,919	\$1,215,617	\$2.502
Jun-20	\$0.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Jul-20	\$0.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Aug-20	\$0.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Sep-20	\$0.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Oct-20	\$0.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Nov-20	\$3.00	\$0	0	0	485,919	\$1,215,617	\$2.502
Dec-20	\$3.35	(\$50,034)	0	20,000	465,919	\$1,165,583	\$2.502
Jan-21	\$3.47	(\$562,879)	0	225,000	240,919	\$602,704	\$2.502
Feb-21	\$3.42	(\$562,879)	0	225,000	15,919	\$39,824	\$2.502
Mar-21*	\$3.28	(\$39,824)	0	15,919	0	\$0	\$0.000
Apr-21	\$3.02	\$0	0	0	0	\$0	\$0.000
May-21	\$2.98	\$0	0	0	0	\$0	\$0.000
Jun-21	\$3.01	\$0	0	0	0	\$0	\$0.000
Jul-21	\$3.05	\$0	0	0	0	\$0	\$0.000
Aug-21	\$3.06	\$0	0	0	0	\$0	\$0.000
Sep-21	\$3.05	\$0	0	0	0	\$0	\$0.000
Oct-21	\$3.08	\$0	0	0	0	\$0	\$0.000
Nov-21	\$3.14	\$0	0	0	0	\$0	\$0.000
Dec-21	\$3.27	\$0	0	0	0	\$0	\$0.000
Jan-22	\$3.37	\$0	0	0	0	\$0	\$0.000
Feb-22	\$3.30	\$0	0	0	0	\$0	\$0.000
Mar-22	\$3.08	\$0	0	0	0	\$0	\$0.000
Apr-22	\$2.63	\$0	0	0	0	\$0	\$0.000
May-22	\$2.55	\$0	0	0	0	\$0	\$0.000

*FMPA's current storage agreement expires March 31, 2021. FGU assumes no extension of any storage agreement for purposes of projecting cash flows.

Winter months

Bold = actual data

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

AGENDA ITEM 10 – REPORTS

b. Procurement Policy Worksheet

**Finance Committee Meeting
November 18, 2020**

PROCUREMENT PROCESS WORKSHEET

Overall Notes:

- This document is designed to assist staff in ensuring that FMPA's Procurement Policy is followed when making procurement decisions. This worksheet is not a substitute for the Procurement Policy, which can be found under the FMPA HR Policy & Procedures Handbook (Employee Manual), or the annual Procurement Policy training. When in doubt on any aspect of the Procurement Policy, contact legal for assistance.
- The following steps identify the minimum requirements under the Procurement Policy. Where possible, staff should seek to go above and beyond these requirements, as needed, to ensure that FMPA's members would have a high degree of confidence that Agency funds are being expended appropriately in procurement activities.
- Contracts, terms, and conditions need to always be reviewed by legal prior to execution.

Procurement Process Checklist

- 1) **CCNA Requirements.** Are professional services for any FMPA business purpose being procured that are subject to the Consultants' Competitive Negotiation Act, § 287.055, Fla. Stat. These services require the services of firms engaged in professional engineering, architecture, landscape architecture, and surveying and mapping.

☐ YES ☐ NO

Note: the CCNA statute may be viewed at the following address:

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0200-0299/0287/Sections/0287.055.html

If the answer to the previous question was YES, these services must be competitively selected pursuant to that statutory regime. Proceed to step 7 once that process has been completed. If you are uncertain as to whether the services apply, or the specific steps that need to be followed to comply with the CCNA requirements, consult with legal prior to proceeding. If the answer was NO, proceed to step 2.

- 2) **Goods and Services Exempt from Procurement Policy.** Do the goods or services being procured meet one or more of the following criteria?

- a. Expert witnesses, consultants or other outside service providers for any legal, regulatory, or legislative proceeding or process, not subject to CCNA?

☐ YES ☐ NO

- b. Fuel; transmission services (including ancillary services); wholesale power purchases (such as from the Power Pool); insurance coverage; goods and services necessary to keep the power plants, meters, RTUs and other "steel in the ground" properly maintained and operated (including maintenance, inspection, sustaining capital additions, and other services); and wholesale power supplies or other services or tangible personal property, and similar goods and services necessary or desirable to provide capacity and/or energy to FMPA's members?

☐ YES ☐ NO

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- c. Utilities, dues, subscriptions, time-sensitive facility repairs/service calls, software support services, advertising, training, trainers, and tuition reimbursement?
☐ YES ☐ NO

If the answer to any one of the immediately preceding criteria is YES, the purchase qualifies as an exemption to the FMPA Procurement Policy. You may proceed to step 7, unless it is desirable to acquire multiple bids. If the answers are all NO, proceed to step 3.

- 3) **Sole Source Criteria.** Do the goods or services being procured meet one or more of the following criteria?
- a. Is the provider the original manufacturer of the good and/or there are no regional distributors? ☐ YES ☐ NO
 - b. Are the goods requested not interchangeable with similar goods available from another manufacturer? ☐ YES ☐ NO
 - c. Are there no other Goods and Services available that will meet the specialized needs of FMPA or perform the intended function? ☐ YES ☐ NO
 - d. Is there detailed justification available which establishes that the provider is the only source practicably available to provide the Goods and Services? ☐ YES ☐ NO

If the answer to any of the immediately preceding criteria is YES, the purchase qualifies as a sole source exemption to the FMPA Procurement Policy and may be purchased without a competitive process. You may proceed to step 7. If the answers are all NO, proceed to step 4.

- 4) **Emergency Exemptions.** Do the goods or services being procured meet one or more of the following criteria?
- a. Is the purchase being made under an emergency situation declared by senior management?
☐ YES ☐ NO
 - b. Did an FMPA senior manager determine that Goods or Services must be purchased on an expedited or emergency basis that does not allow sufficient time for a competitive selection process to be completed?
☐ YES ☐ NO

If the answer to any of the immediately preceding criteria is yes, the purchase qualifies as an emergency exemption to the FMPA Procurement Policy and may be purchased without a competitive process. You may proceed to step 7, unless it is desirable to acquire multiple bids. If the answers are all no, proceed to step 5.

Note: If an FMPA senior manager makes such a determination to purchase Goods or Services as a sole source on an expedited or emergency basis, the Board of Directors or Executive Committee, as appropriate, must be informed of the particulars of his or her decision at the next regularly scheduled meeting of such governing body, including the circumstances requiring the expedited or emergency purchases and the total price of the purchased Good and Services.

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- 5) **Cooperative and Piggyback Purchasing.** Has staff determined that a piggyback purchase of goods or services under a contract with a federal, state or municipal government or any other governmental agency, political subdivision or cooperative purchasing venture, or government-related association, would be in the best interest of FMPA or its members?

☐ YES ☐ NO

If the answer to the preceding question was YES, do the goods or services being acquired meet the following criteria?

- a. The goods or services available under the originating contract meet FMPA's needs and specifications.
☐ YES ☐ NO
- b. All terms and conditions, including the effective term, of the resulting agreement can be negotiated to the satisfaction of FMPA and its internal policies.
☐ YES ☐ NO
- c. The purchasing agent has performed and documented an informal solicitation (including but not limited to Internet, email, written or documented verbal quotes) to determine that the prices are fair and reasonable.
☐ YES ☐ NO
- d. The purchasing agent determines that an independent competitive selection process would not result in more favorable prices or terms for FMPA and its members.
☐ YES ☐ NO
- e. The purchasing agent documents the reasons that an independent competitive selection process is not required.
☐ YES ☐ NO
- f. The purchase is otherwise in accordance with FMPA's Procurement Policy.
☐ YES ☐ NO

If the answers to all of the preceding criteria are YES, the purchase may be "piggybacked" based on existing contracts of these entities without the need for an independent competitive selection process. You may proceed to step 7, unless it is desirable to acquire multiple bids. If any answer was NO, proceed to step 6.

- 6) **Contract Value.** What is the total contract dollar value of the goods or service(s) being purchased?

\$

Note: For a contract with a fixed length greater than one year, include the total cost over the life of the contract (exclude optional years). For a month-to-month contract with no stated term, calculate the value for one fiscal year.

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- a. If the total contract value is \$5,000 or less - no competitive selection is required pursuant to the Procurement Policy. You may proceed to item 7, unless it is desirable to acquire multiple bids.
- b. If the total contract value is greater than \$5,000 and less than or equal to \$10,000 - requests for a minimum of three (3) quotes is required. These quotes may be requested via the Internet, email, written, or verbal communication (requires documentation). A formal competitive process is not required.
- c. If the total contract value is greater than \$10,00 but equal to or less than \$50,000 – requests for three (3) written quotes is required.
- d. If the total contract value is greater than \$50,000 – a formal competitive process is required to seek at least three (3) formal bids or proposals.

The formal bid or proposal process may include the following:

- Issuance of a written Invitation for Bid (IFB);
- Public notice of the IFB by advertising in a local newspaper or distribution to a list of
- pre-qualified bidders, as appropriate;
- Public opening at the date and time advertised, and announcement of all bids received;
- Evaluation of bids based upon the requirements set forth in the IFB;
- Award to the bidder determined to be in the best interests of FMPA meeting the specifications set forth in the IFB, unless waived, in whole or in part, by FMPA.

If less than three (3) bids or proposals are received, consideration may be given to modifying the specification or bidding process to provide for the minimum number of bids or proposals, unless there is a reasonably justified and documented belief that such modification will not result in additional responsive bids or proposals.

- 7) **Financial Commitment Authority.** Once the procurement process has been completed and a vendor and total dollar amount have been negotiated, the following table outlines the financial commitment authority to determine who is authorized to sign contracts, work orders, purchase orders, etc.

Note: ARP contracts with a base term of seven years or greater must be approved by the Executive Committee.

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FMPA Financial Commitment Authority Levels

Authority Levels	Agency	ARP (Non-Commodity)	ARP (Commodity) [1]
General Manager	Up to \$200,000. For emergency events declared by the GM, GM has unlimited authority and must report to chairpersons of the EC and BOD within 5 days and the governing bodies at the next scheduled meeting	Up to total non-fuel Operations and Maintenance Budget and total Project Capital Budget, with non-budgeted items over \$200,000 reported at the next EC Meeting	<ul style="list-style-type: none"> Up to \$50 million notional value for transactions > 2 years but ≤ 7 years Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Chief Operating Officer (COO) [2]	Up to \$50,000	Up to \$100,000	<ul style="list-style-type: none"> Up to \$15 million notional value for transactions > 1 month but ≤ 2 years Up to \$5 million notional value for transactions ≤ 1 month
Power Generation Fleet Director	Up to \$5,000	Up to \$50,000	N/A
CFO, AGMs, Chief Information Security Officer, and General Counsel	Up to \$20,000	Up to \$20,000	N/A
Business Development and System Operations Director	Up to \$5,000	Up to \$5,000	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month
Human Resources Director	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	All benefit, health care and payroll related expenses that are within the approved budget. Any other HR related expenses up to \$10,000	N/A
Information Technology Manager	Up to \$10,000	Up to 10,000	N/A
Managers, Directors & Deputy General Counsel [3]	Up to \$5,000	Up to \$5,000	N/A
Approved Agents [4]	N/A	N/A	<ul style="list-style-type: none"> Up to \$5 million notional value for transactions ≤ 1 month

[1] Amounts shown represent the approval thresholds for spending authority or contract execution for business-related commodity transactions such as fuel, replacement power, and transmission, as set forth in Section 4.1 of FMPA's Origination Transaction Policy.

[2] COO, or the General Manager's designee in the event the COO position is vacant

[3] Except as may be superseded by higher authority levels for certain manager or director positions elsewhere in this table.

[4] Approved agents include, but may not necessarily be limited to, FGU for transacting of physical natural gas trading activities, FMPP for electricity trading activities less than 8 calendar days, and OUC for non-firm transmission transactions less than 8 days.

AGENDA ITEM 11 – COMMENTS

**Finance Committee Meeting
November 18, 2020**

AGENDA ITEM 12 – ADJOURNMENT

**Finance Committee Meeting
November 18, 2020**