



## **ARP EXECUTIVE COMMITTEE AGENDA PACKAGE**

---

**December 10, 2020**

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

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

**Meeting Number 856 673 550#**

**Meeting Password: 8553**

### **Committee Members**

Howard McKinnon, Havana - Chairman

Lynne Tejeda, Key West – Vice Chairwoman

Jody Young, Bushnell

Lynne Mila, Clewiston

Jan Bagnall, Fort Meade

Paul Jakubczak, Fort Pierce

Robert Page, Green Cove Springs

Allen Putnam, Jacksonville Beach

Larry Mattern, Kissimmee

Brad Chase, Leesburg

Bill Conrad, Newberry

Eric Weaver, Ocala

John Holman, Starke

### **Meeting Location**

**Florida Municipal Power Agency**

**8553 Commodity Circle**

**Orlando, FL 32819**

**(407) 355-7767**



## MEMORANDUM

TO: FMPA Executive Committee  
FROM: Jacob A. Williams, General Manager and CEO  
DATE: December 1, 2020  
RE: FMPA Telephonic Executive Committee Meeting  
**Thursday, December 10, 2020 at 9:15 a.m. [NOTE TIME]**  
(or immediately following the Board of Directors meeting)  
PLACE: Via Telephone at Florida Municipal Power Agency  
8553 Commodity Circle, Orlando, FL 32819  
Fredrick M. Bryant Board Room

**DIAL-IN: (877) 668-4493 or 650-479-3208, Meeting Number 856 673 550#**  
**PASSWORD 8553#**

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

Chairman Howard McKinnon, Presiding

### AGENDA

1. Call to Order, Roll Call, Declaration of Quorum .....4
2. Set Agenda (by vote) .....5
3. Recognition of Guests .....6
4. Public Comments (Individual public comments limited to 3 minutes).....7
5. Comments from the Chairman (Howard McKinnon) .....8
6. Report from the General Manager (Jacob Williams) .....9
7. Consent Agenda
  - a. Approval of Meeting Minutes – Meetings Held November 19, 2020 and ARP  
Telephonic Rate Workshop Held November 10, 2020 ..... 11
  - b. Approval of Treasury Reports – As of October 31, 2020 ..... 17
  - c. Approval of the Agency and All-Requirements Project Financials as of October 31,  
2020 .....21

## 8. Action Items

- a. Approval of Extending the Economic Rate Rider (Jason Wolfe) .....23
- b. Approval of Finance Committee Charter Changes (Jody Finklea) \* .....34
- c. Approval of the Asset Management Policy Changes (Rich Popp) \* .....42
- d. Approval of the Calendar Year 2021 Meeting Schedule (Jacob Williams) \* ..92

## 9. Information Items

- a. Preliminary Financial Results September 30, 2020 (Danyel Sullivan-Marrero) \* .....96
- b. Regulatory Compliance Quarterly Update (Truong Le) \* .....108
- c. Demand Management Implementation Next Steps (Ken Rutter) .....117
- d. Summary of Finance Committee Items (Linda S. Howard) \* .....124
- e. Review Request for Proposal for Series 2021A and 2021B (Rich Popp).....127

## 10. Member Comments.....137

## 11. Adjournment.....138

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

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

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

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

**Executive Committee  
December 10, 2020**

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

**Executive Committee  
December 10, 2020**

**AGENDA ITEM 3 – RECOGNITION OF  
GUESTS**

**Executive Committee  
December 10, 2020**

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

**Executive Committee  
December 10, 2020**

# **VERBAL REPORT**

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

**Executive Committee  
December 10, 2020**



# **VERBAL REPORT**

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

**Executive Committee  
December 10, 2020**

**AGENDA ITEM 7 – CONSENT AGENDA**

- a) Approval of Meeting Minutes – Meeting held November 19, 2020 and ARP Telephonic Rate Workshop Help November 10, 2020**

**Executive Committee  
December 10, 2020**

CLERKS DULY NOTIFIED ..... NOVEMBER 11, 2020  
AGENDA PACKAGES POSTED..... NOVEMBER 11, 2020

**MINUTES  
EXECUTIVE COMMITTEE MEETING  
THURSDAY NOVEMBER 19, 2020  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FL 32819**

**PARTICIPANTS  
PRESENT:**

Jody Young, Bushnell (via telephone)  
Paul Jakubczak, Fort Pierce (via telephone)  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach (via telephone)  
Lynne Tejeda, Key West (via telephone)  
Larry Mattern, Kissimmee  
Brad Chase, Leesburg (via telephone)  
Bill Conrad, Newberry  
Eric Weaver, Ocala  
John Holman, Starke

**OTHERS  
PRESENT**

John Tompeck, Fort Pierce  
Barbara Quiñones, Homestead

**STAFF  
PRESENT**

Jacob Williams, General Manager and CEO  
Jody Finklea, Deputy General Counsel (via telephone)  
Ken Rutter, Chief Operating Officer  
Linda Howard, Chief Financial Officer  
Cairo Vanegas, Manager of Member Services Development  
Dan O'Hagan, Assistant General Counsel and Regulatory  
Compliance Counsel  
Rich Popp, Treasurer and Risk Director  
Mark McCain, Vice President of Member Services & Public Relations  
Sharon Adams, Vice President of Human Resources & Shared Services  
Sue Utley, Executive Asst. /Asst. Secy. to the Board  
Susan Schumann, Public Relations and External Affairs Manager  
Carter Manucy, IT/OT & Cybersecurity Manager  
Melisa Inanc, Public Relations Specialist  
Isabel Montoya, IT Specialist

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

Chairman Howard McKinnon, Havana, called the FMPA telephonic Executive Committee Meeting to order at 11:10a.m., Thursday, November 19, 2020 in the Frederick M. Bryant Board Room at Florida Municipal Power Agency 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared with 10 members present out of a possible 13.

### **ITEM 2 – SET AGENDA (BY VOTE)**

**MOTION:** Larry Mattern, Kissimmee, moved approval of the agenda as presented. Eric Weaver, Ocala, seconded the motion. Motion carried 10 – 0.

### **ITEM 3 – RECOGNITION OF GUESTS**

None

### **ITEM 4 – PUBLIC COMMENTS**

None

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

Chairman McKinnon congratulated the FMPA staff on winning the Orlando Sentinel's Top Employer Award.

### **ITEM 6 – REPORT FROM GENERAL MANAGER**

Nothing further to report.

### **ITEM 7 –CONSENT AGENDA**

**Item 7a – Approval of Meeting Minutes – Meeting Held October 15, 2020 and ARP Telephonic Rate Workshop Held October 13, 2020**

**Item 7b – Approval of the Treasury Reports – As of September 30, 2020**

**Item 7c – Approval of the Preliminary Agency and All-Requirements Project Financials as of September 30, 2020**

**Item 7d – Approval of Report on Exception to Procurement Policy for New Budget System**

**MOTION:** Bob Page, Green Cove Springs, moved approval of the Consent Agenda as presented. Larry Mattern, Kissimmee, seconded the motion. Motion carried 10 – 0.

**ITEM 8 – ACTION ITEMS:**

**8a – None**

**ITEM 9 – INFORMATION ITEMS:**

**9a – Discussion of Extending the Economic Development Rate Rider**

Jason Wolfe presented information on extending the Economic Development Rate Rider. There was consensus to keep the EDR until the LAIR sunsets at the end of 2024.

**9b – Summary of Finance Committee Items**

Linda S. Howard reported on the Finance Committee items.

**ITEM 10 – Member Comments**

None

**ITEM 11 – Adjournment**

There being no further business, the meeting was adjourned at 11:25 a.m.

---

Howard McKinnon  
Chairman, Executive Committee

---

Sue Utley  
Assistant Secretary

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

Seal

PUBLIC NOTICE SENT TO CLERKS ..... NOVEMBER 3, 2020  
AGENDA PACKAGES SENT TO MEMBERS ..... NOVEMBER 10, 2020

**MINUTES  
EXECUTIVE COMMITTEE  
ALL-REQUIREMENTS POWER SUPPLY PROJECT  
TELEPHONIC RATE WORKSHOP  
TUESDAY, NOVEMBER 10, 2020  
FLORIDA MUNICIPAL POWER AGENCY  
8553 COMMODITY CIRCLE  
ORLANDO, FLORIDA 32819**

**COMMITTEE MEMBERS PRESENT VIA TELEPHONE**

Christina Simmons, Bushnell  
Paul Jakubczak, Fort Pierce  
Bob Page, Green Cove Springs  
Howard McKinnon, Havana  
Allen Putnam, Jacksonville Beach  
Lynne Tejada, Key West  
Larry Mattern, Kissimmee  
Sabrina Hubbell, Leesburg  
Bill Conrad, Newberry  
Maria Brooks, Ocala

\*arrived after roll call.

**COMMITTEE MEMBERS ABSENT**

Lynne Mila, Clewiston  
Jan Bagnell, Fort Meade  
Bob Milner, Starke

**STAFF PRESENT**

Jacob Williams, General Manager and CEO  
Ken Rutter, Chief Operating Officer  
Jason Wolfe, Financial Planning, Rates and Budget Director  
Denise Fuentes, Financial Planning, Budget and Financial Analyst II  
Sue Utley, Executive Assistant to General Manager and CEO / Asst.  
Secy. to the Board  
Bianca Scott, Human Resources, Administrative Specialist

**Item 1 – Call to Order**

Howard McKinnon called the Executive Committee All-Requirements Telephonic Rate Workshop to order at 2:00 p.m. on Tuesday, November 10, 2020, via telephone. A speaker telephone for public attendance and participation was located in the First Floor Conference Room at Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida.

**Item 2 – Information Items**

Denise Fuentes gave a verbal update on the natural gas markets; provided an overview of the October loads and reviewed the October ARP rate calculation.

**Item 3 – Member Comments**

There being no further business, the meeting was adjourned at 2:05 p.m.

---

Approved

AP/bs

**AGENDA ITEM 7 – CONSENT AGENDA**

- b) Approval of Treasury Reports as of  
October 31, 2020**

**Executive Committee  
December 10, 2020**





## AGENDA PACKAGE MEMORANDUM

TO: FMPA Executive Committee  
FROM: Gloria Reyes  
DATE: December 1, 2020  
ITEM: EC 7(b) – Approval of the All-Requirements Project Treasury Reports as of October 31, 2020

---

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

Debt Discussion

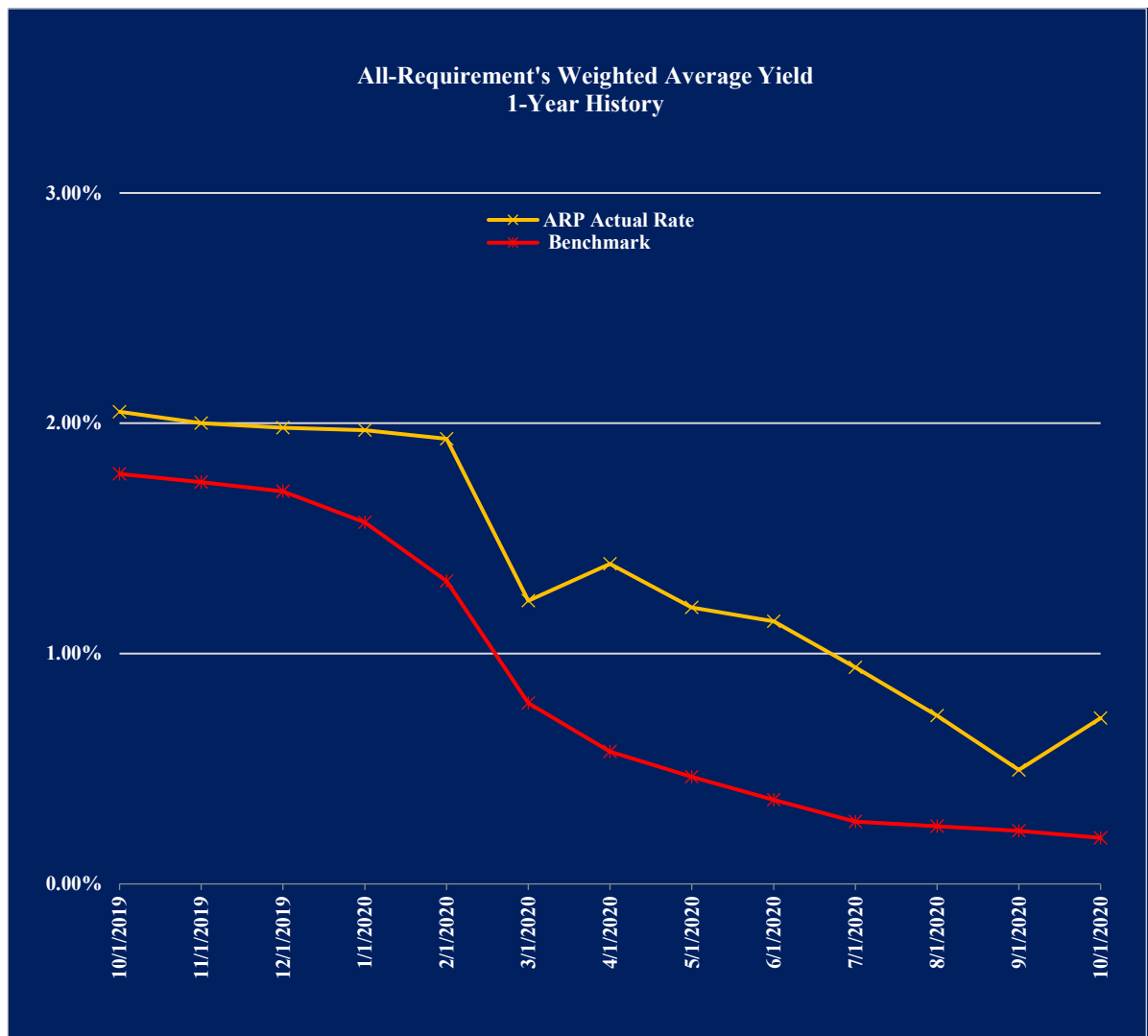
The All-Requirements Project has fixed rate debt. The fixed rate percentage of total debt is 100%. The estimated debt interest funding for fiscal year 2021 as of October 31, 2020 is \$35,118,99.01. The total amount of debt outstanding is \$736,650,000.

---

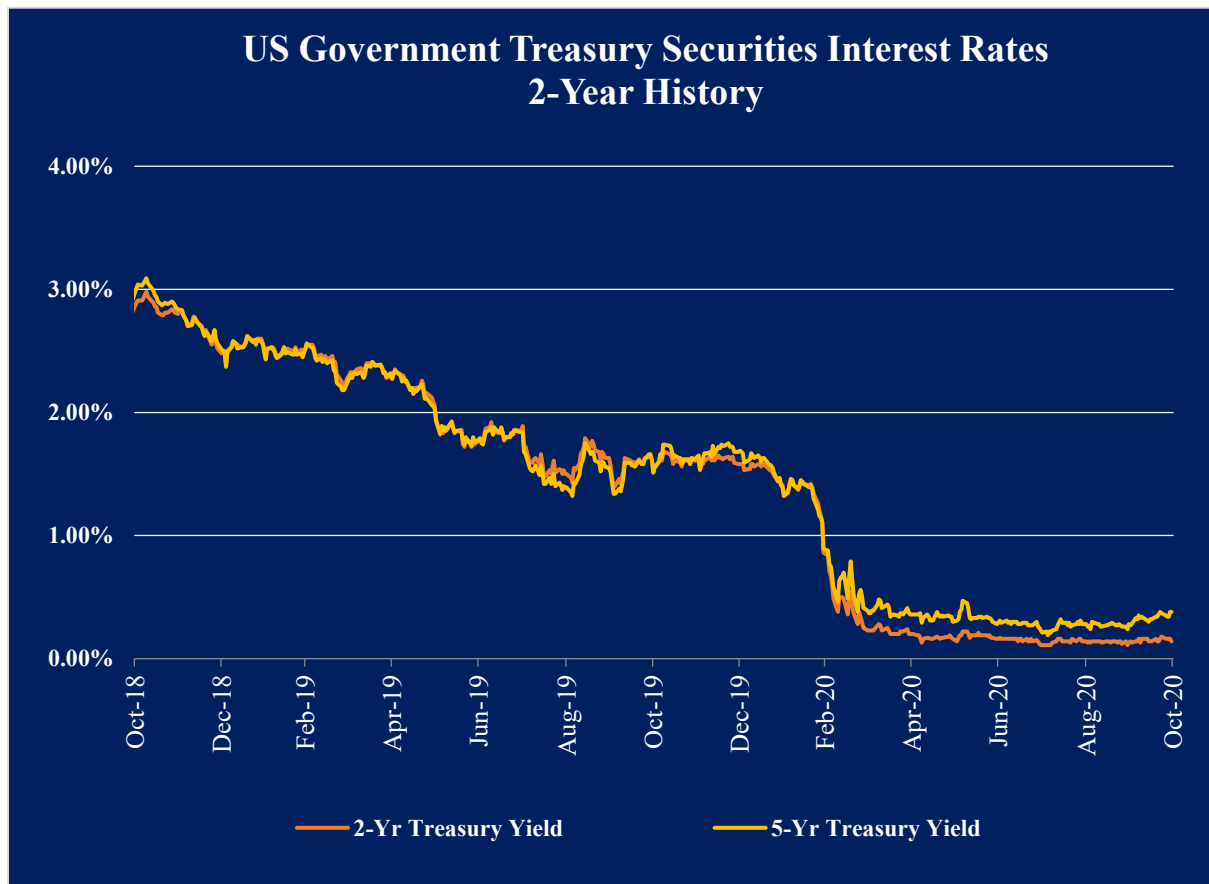
Investment Discussion

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

As of October 31, 2020, the All-Requirements Project investment portfolio earned a weighted average yield of .72%, reflecting the All-Requirements Project need for liquidity. The benchmarks (SBA's Florida Prime Fund and the 2-year US Treasury Note) and the Project's yields are graphed below:



Below is a graph of daily US Treasury yields for the past 2 years. The orange line is the 2-year Treasury which closed the month of October at .14%. The yellow line is the 5-year Treasury which was .38%.



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

Recommended  
Motion

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

**AGENDA ITEM 7 – CONSENT AGENDA**

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

**Executive Committee  
December 10, 2020**



Linda S. Howard, CPA, CTP  
Chief Financial Officer

## MEMORANDUM

**TO:** FMPA Executive Committee  
**FROM:** Linda Howard  
**DATE:** December 1, 2020  
**SUBJECT:** EC 7c – Approval of the Agency and All-Requirements Project Financials for the period ended October 31, 2020

---

**Discussion:** The summary and detailed financial statements, which include GASB #62 transactions, of the Agency and All- Requirements Project for the period ended October 31, 2020 are posted on the Document Portal section of FMPA’s website.

---

**Recommended Motion:** Move approval of the Agency and All-Requirements Project Financial reports for the month of October 31, 2020.

---

LH/GF

## **AGENDA ITEM 8 – ACTION ITEMS**

- a) Approval of Extending the Economic Rate Rider**

**Executive Committee  
December 10, 2020**



# **8a – Approval of Extending the Economic Development Rate Rider**

Executive Committee

December 10, 2020

# Economic Development Rate Incentive Sunsetting

---

- The Economic Development Rate (EDR) rider is currently set to sunset on December 31, 2020
- New ARP demand billing structure reduces the impact for LAIR incentive, but EDR provides greater incentive over longer period
  - EDR designed to help attract very large, energy intensive loads
- EC feedback at November meeting was a desire to extend the rider through December 2024
- Seeking approval of the extension



# Economic Development Rate Key Facts

---

- Reduced demand charge for new load, negotiated on a case-by-case basis
- Energy charge tied to heat rate X natural gas prices + VOM adder
- The new load must be a minimum of 5 MW/month and energy-intensive
- Electricity price must be a significant determining factor in the site selection decision of the new or expanded business
- Participant must pass the EDR demand rate and energy rates directly to the new customer with no adders
  - Participant must discount its own distribution, metering, and customer charges through a fixed adder to the EDR demand rate
- Each use of the EDR must be approved by the EC

# Economic Development Rate Not Used to Date

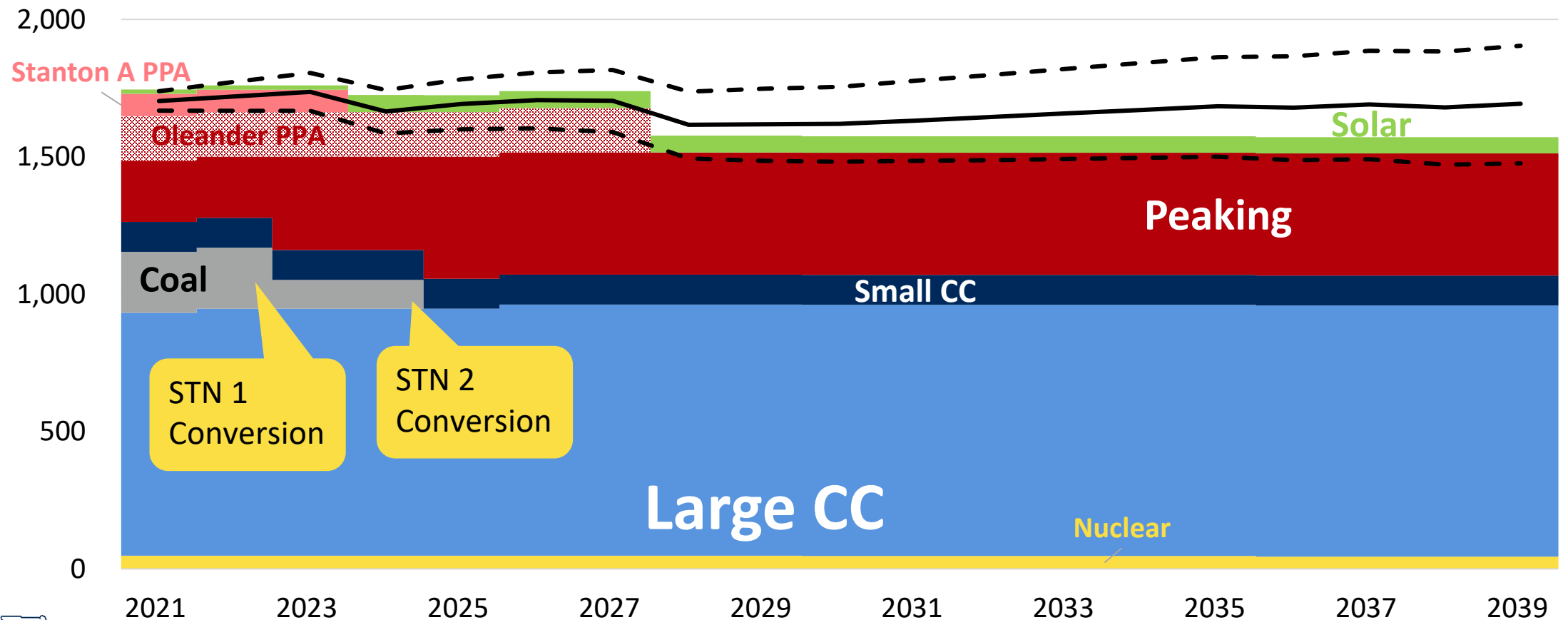
---

- No current use of the Economic Development Rate rider
- Potential opportunity in 2017 did not materialize
- Another recent opportunity
- Several members noted that having such a rate available is helpful
- IOUs, other utilities able to offer special rates to new, large loads

# ARP Currently Has Limited Available Capacity

## *Additional Space Achievable through Load Management*

### FMPA 2021 Load and Resource Balance (15% Reserves) (MW)



# Recommended Motion

---

- Move approval of the revised Economic Development Rate Rider to ARP Rate Schedule B-1, to be effective January 1, 2021, which extends the sunset date to December 31, 2024

FLORIDA MUNICIPAL POWER AGENCY  
POWER SUPPLY RATE SCHEDULE  
FOR  
ALL-REQUIREMENTS PROJECT PARTICIPANTS

ECONOMIC DEVELOPMENT RATE RIDER

1. **Purpose.** The purpose of this Economic Development Rate (EDR) Rider is to encourage economic growth in Project Participant service territories by providing a financial incentive that a Project Participant can use as part of its package to attract large, energy-intensive new business to its service territory that it would not otherwise have been able to attract, with the ultimate goal of reducing ARP excess capacity.
2. **Availability.** This Rider is available to all Project Participants except for those Project Participants that have established a Contract Rate of Delivery (CROD), have not executed a Supplemental Power and Ancillary Services Agreement, and meet at least one of the following conditions:
  - Zero (0) MW CROD
  - CROD/MAXD ratio below 1.0
3. **Applicability; Definition of New Load.** This Rider is available to each New Load of a Project Participant that meets the qualifying criteria set forth herein.

For purposes of this Rider, “New Load” is defined as load being established after the effective date of this Rider by a new business (including occupation of an existing, dormant facility by a new business) or by the expansion of an existing establishment.

This Rider is not available for (1) new load that would have occurred in the Project Participant’s service territory without the financial incentive provided by this Rider, or (2) retention of existing load or for relocation of existing load within the Project Participant’s service territory, except that relocating businesses that provide expansion of existing business may qualify for the expanded load only.

4. **Qualifying Criteria.** To qualify to receive the EDR, the ARP must have sufficient capacity available to serve each New Load for the first 10 years of service, and each New Load and Project Participant must meet the following criteria and conditions:

- (a) Each New Load must be a minimum of 5,000 kW for each month, as measured in Section 5, at a single location (multiple meters are allowed at a single campus)
- (b) Each New Load must be energy-intensive, meaning the business uses a significant amount of electricity per square foot (at least 100 kWh/ft<sup>2</sup>/year)
- (c) Each New Load must be separately metered with information from such meters being available to FMPA, as described in Section 6
- (d) Electricity price must be a significant determining factor in the site selection competition of the new or expanded business
- (e) Project Participant must pass through the EDR demand and energy rates directly to the new or expanded business
  - Project Participant must recover its distribution, metering, and customer charges through an adder to the EDR demand rate at a discount, including reductions to general fund transfers. Such adder is not to be increased from the initially determined level during the first 10 years of service
  - Project Participant must pass through the EDR energy rate with zero adders
- (f) Project Participant cannot receive generation capacity credits, through a Capacity and Energy Sales ~~Contract, higher~~Contract, higher than the EDR for the amount of capacity used to serve the new or expanded business

For purposes of computing its ARP billing demand capacity pursuant to paragraph 6 of Rate Schedule B-1, the Project Participant has hereby agreed to the following adjustments to its billing demand capacity calculation:

- (a) Prior to the first fiscal year for which at least one month of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the Project Participant's best estimate of the New Load size. To the extent that actual metered demand data, once available, reveals a material difference between the estimated load size and the actual load size, FMPA will adjust the estimate for future months' billings. Further, the Executive Committee, in its sole discretion, may approve a true-up billing adjustment to the extent that the original estimate caused excess or deficient credits to be paid to the Project Participant, as applicable.

- (b) For fiscal years for which at least one month, but less than twelve months, of metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 is available, the billing demand capacity for the New Load will be based on the arithmetic average of the available months' data.
- (c) For fiscal years for which all of the metered demands to be utilized in the calculation set forth in paragraph 6 of Rate Schedule B-1 are available, the billing demand capacity for the New Load will be computed in accordance with paragraph 6 of Rate Schedule B-1.
- (d) Notwithstanding the preceding, the billing demand capacity for the Project Participant's remaining load will be computed in accordance with paragraph 6 of Rate Schedule B-1.

5. **EDR Description.** The following Demand Charges will be applied in lieu of the then-current base Demand Capacity Charge (in \$/kW-mo.) set forth in Rate Schedule B-1 for each qualifying New Load of the Project Participant for the period described in Section 7.

Service Month	Demand Charge (\$/kW-mo)
EDR Demand Charge to be negotiated on a case-by-case basis and must be approved by the FMPA Executive Committee	

The EDR Demand Charge shall be applied to the individual New Load's total 60 minute integrated demand at the time of the highest 60 minute integrated demand for the New Load measured during the month (New Load Demand).

The EDR Energy Charge will negotiated on a case-by-case basis and must be (a) designed such that it attempts to recover no less than the ARP's cost to serve the new load, including fuel and non-fuel variable costs, and (b) approved by the FMPA Executive Committee

If the New Load fails to meet the 5,000 kW threshold in any three (3) consecutive months, the rates will automatically revert to the applicable Load Attraction Incentive Rate (LAIR) rider.

6. **Meter Requirements.** Metering equipment that can be used to measure each qualifying New Load separately from existing Project Participant load will be required to be installed in order to receive EDR pricing for the New Load under this Rider. All meters must meet the same qualifications as those required at the Point of Measurement in the ARP Contract.

7. **Term of Service.** Except as limited below in this Section 7, pricing provided under this Rider shall be for a term to be negotiated on a case-by-case basis and approved by the FMPA Executive Committee. Such pricing under this Rider will terminate at the end of the negotiated service period.

If the New Load either (1) ceases to take service from the Project Participant, or (2) modifies operations in such a way that it will no longer meet the qualifying criteria, the EDR pricing will be terminated immediately. The Project Participant must notify FMPA of such situations in a timely manner.

In the event of early termination of the EDR pricing, the Project Participant will not be required to reimburse FMPA for any credits received to that point, unless the Project Participant knowingly fails to notify FMPA in a timely fashion of any change to the New Load that would cause it to no longer qualify. In such a situation, the Project Participant will be required to reimburse FMPA for any credits received after the date on which the EDR pricing should have ceased.

8. **Sunset Provision.** This Rider will be available to qualifying New Loads that begin service on or before December 31, 2024~~2020~~.
9. **Good Faith Business Development Efforts.** The Project Participant must demonstrate to the Executive Committee that a reasonable amount of good faith business development effort was undertaken to attract the New Load in order to qualify for EDR pricing as set forth in Section 5. Qualification for EDR pricing is at the discretion of the Executive Committee on a case-by-case basis.
10. **Exceptions.** Any exceptions to the requirements set forth under this Rider must be approved by the Executive Committee on a case-by-case basis.

**THIS RIDER APPROVED BY THE FMPA EXECUTIVE COMMITTEE ON OCTOBER 15, 2020~~MAY 16, 2019~~, AMENDED ON DECEMBER 10~~OCTOBER 15~~, 2020**



## **AGENDA ITEM 8 – ACTION ITEMS**

### **b) Approval of Finance Committee Charter Changes**

**Executive Committee  
December 10, 2020**



**EC 8b / BOD 8b**

# **Approval of Finance Committee Charter Revisions**

Board of Directors & Executive Committee

December 10, 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

# Motion

## *Approve Recommended Changes*

---

- Move approval of the proposed Finance Committee charter changes

## 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

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Header, Centered

Formatted: Header

Formatted: Indent: Left: 0", Right: -0.01"

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

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Header, Centered

Formatted: Header

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

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Header, Centered

Formatted: Header

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.

Formatted: Header, Indent: Left: -0.08"

Formatted: Header, Right, Right: -0.08"

Formatted Table

Formatted: Header, Centered

Formatted: Header



## **AGENDA ITEM 8 – ACTION ITEMS**

- c) Approval of the Asset Management Policy Changes**

**Executive Committee  
December 10, 2020**



# **EC 8c / BOD 8c – Approval of Asset Management and Operations Policy Changes**

Board of Directors & Executive Committee  
December 10, 2020

# Asset Management and Operations Policy

## *Major Areas Covered*

---

- Areas of risk exposure
- Operations and maintenance procedures
- Environmental compliance and 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 – N/A
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 limit to ARP base load units
4.5 Regulatory Adherence	Add FERC to regulatory adherence
7.3 Regulatory Report	Add monthly review of regulatory non-compliance
Throughout	Administrative updates

# Recommended Motion

---

- Move approval of changes to 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**

**TABLE OF CONTENTS**

1.0	Policy Statement .....	2
2.0	Scope and Authority.....	3
3.0	Types of Risk .....	4
3.1	Volumetric Risk: .....	4
3.2	Operational Risk:.....	5
3.3	Environmental Risk:.....	5
3.4	Regulatory Risk:.....	5
4.0	Generation Asset Operations and Maintenance .....	6
4.1	Operations: .....	6
4.1.1	Non-Peaking Unit Testing:.....	6
4.1.2	Peaking Unit Testing:.....	7
4.1.3	Fuel Oil Testing:.....	7
4.2	Maintenance: .....	7
4.2.1	Deferment of Maintenance:.....	7
4.2.2	Reliability Centered Maintenance (“RCM”): .....	8
4.2.3	Budget Review: .....	8
4.2.4	Budget and Spending Authority:.....	98
4.3	Generation Unit Availability Metrics:.....	9
4.4	Safety:.....	109
4.4.1	O&M Agent Safety: .....	10
4.4.2	Safety Training:.....	10
4.4.3	Accident Reporting: .....	10
4.5	Regulatory Adherence:.....	1140
5.0	Environmental .....	11
5.1	Compliance: .....	11
5.2	Emission Allowances: .....	11
6.0	Internal Controls .....	12
6.1	Continuing Education:.....	12
6.2	Policy Compliance: .....	12
7.0	Reporting.....	12
7.1	O&M Report: .....	1342
7.2	Environmental Report: .....	1342
7.3	Regulatory Report: .....	13
8.0	Oversight Structure .....	13

# **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

ASSET MANAGEMENT AND OPERATIONS POLICY  
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.

**4.2 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.

**4.2.1 Deferral 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/deferral. 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.

**4.2.2 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.

**4.2.3 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.

**ASSET MANAGEMENT AND OPERATIONS POLICY**  
**RISK MANAGEMENT POLICY**  
(Continued)

**4.2.4 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.

**4.3 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

#### **4.4 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.

##### **4.4.1 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.

##### **4.4.2 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.

##### **4.4.3 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.

#### **4.5 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

<b>Florida Municipal Power Agency Risk Management Reporting Calendar Asset Management and Operations Policy</b>				
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	<del>Generation Unit Availability Metrics:</del> <del>Generation Unit Availability Metrics:</del>
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	<del>Regulatory Adherence:</del> <del>Regulatory Adherence:</del>
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	<del>Agency Risk Director</del> Internal Audit Manager	Section 6.2	Policy Compliance:
O&M Report	<del>Annual</del> Monthly	COO	Section 7.1	O&M Report:
Environmental Report	Annual	<del>COO</del> Power Generation Fleet Director	Section 7.2	Environmental Report:
Policy Operation and Effectiveness	Annual	Agency Risk Director	Section 8.0	Oversight Structure

**AGENDA ITEM 9 – INFORMATION ITEMS**

- e) Review Request for Proposal for Series  
2021A and 2021B**

**Executive Committee  
December 10, 2020**



# **9e – Review Request for Proposal for Series 2021A and 2021B**

Executive Committee

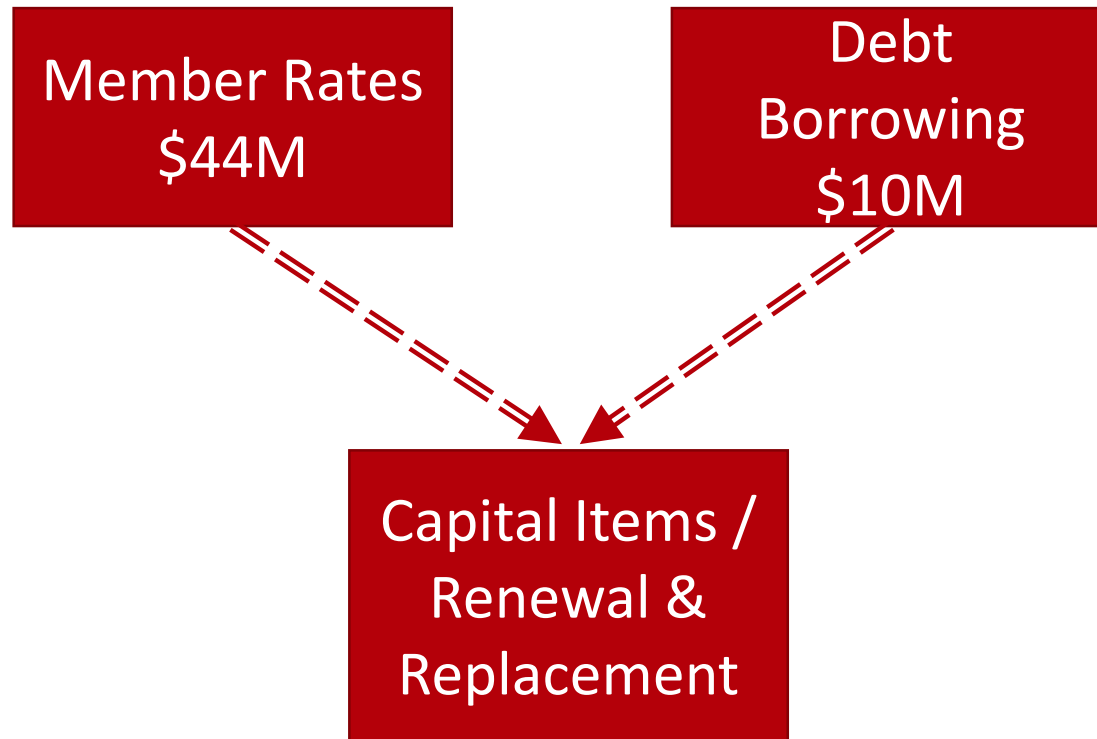
December 10, 2020

# ARP Capital Projects \$54M Over Next Three Years

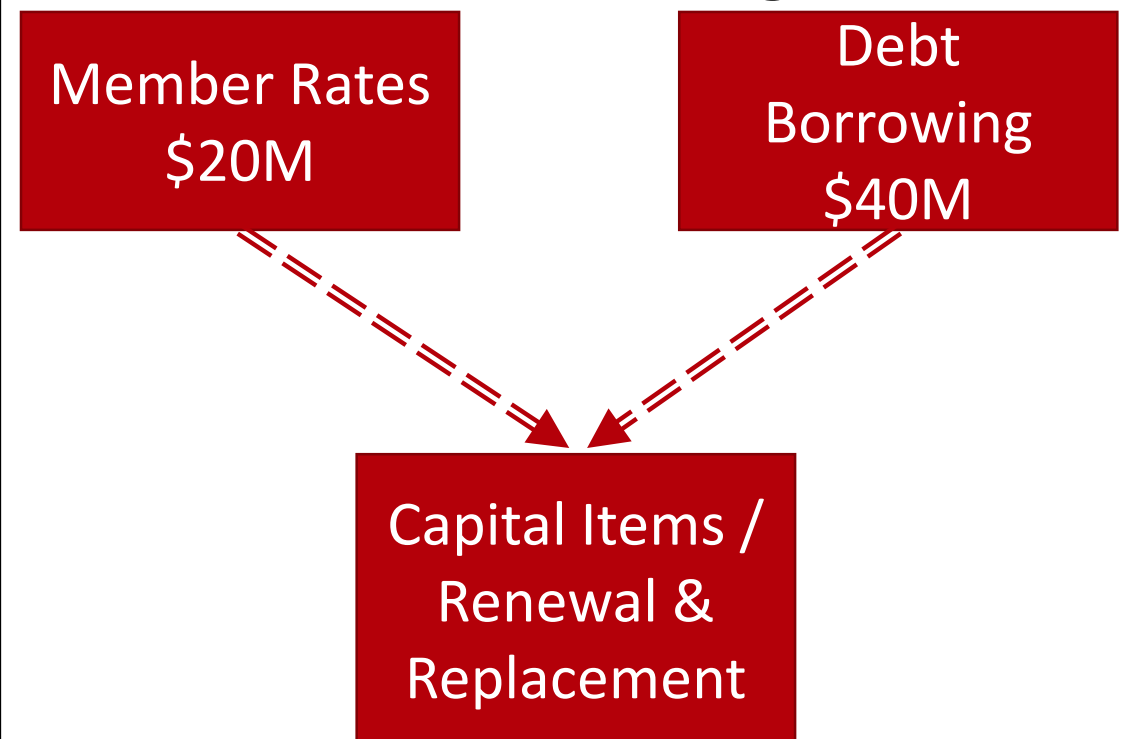
## *Modification to 2021 Budget to Support Strategic Rate Plan*

---

### FY 2021 Budget



### Finance Committee Presented 2021 Debt Financing Plan



# Staff Proposes ~60/40 Split - R&R vs Debt

*Capital Items Borrowed Tax-exempt, Expect Rates Under 2%*

---

- R&R Projects Considered for Borrowing:
  - Treasure Coast Advanced Gas Path parts \$10M
  - Cane Island Unit 3 Rotor and Stator Rewind \$8M
  - Cane Island Unit 1 Overhaul \$2M
  - All Units Balance of Plant equipment \$14M

# Stanton Energy Center Fuel Conversion

*Adding \$6 Million Not Included In Current R&R Plan*

---

- Will Cover Capital Items spent in the next 3 years, such as
  - Gas Pipeline Capacity Expansion
  - Covert the Boiler to Burn Natural Gas
- Estimated Total Borrowing for Fuel Conversion
  - ~\$100M Total Cost
  - ARP Share ~\$25M
  - Estimated Annual Savings \$2.75-\$3.75/MWh



# RFP for \$40M Will Consider Multiple Options

## *Bank Note and/or Bond Issues*

---

- Bank Note Advantages
  - No Official Statements
  - No Rating Agency opinion
  - Less Legal costs
- Bond Issuance Advantages
  - Certainty of Achieving Market Interest Rates
  - Market Maybe More Flexible on Principal Repayment

# New Debt to Extend for 12 Years

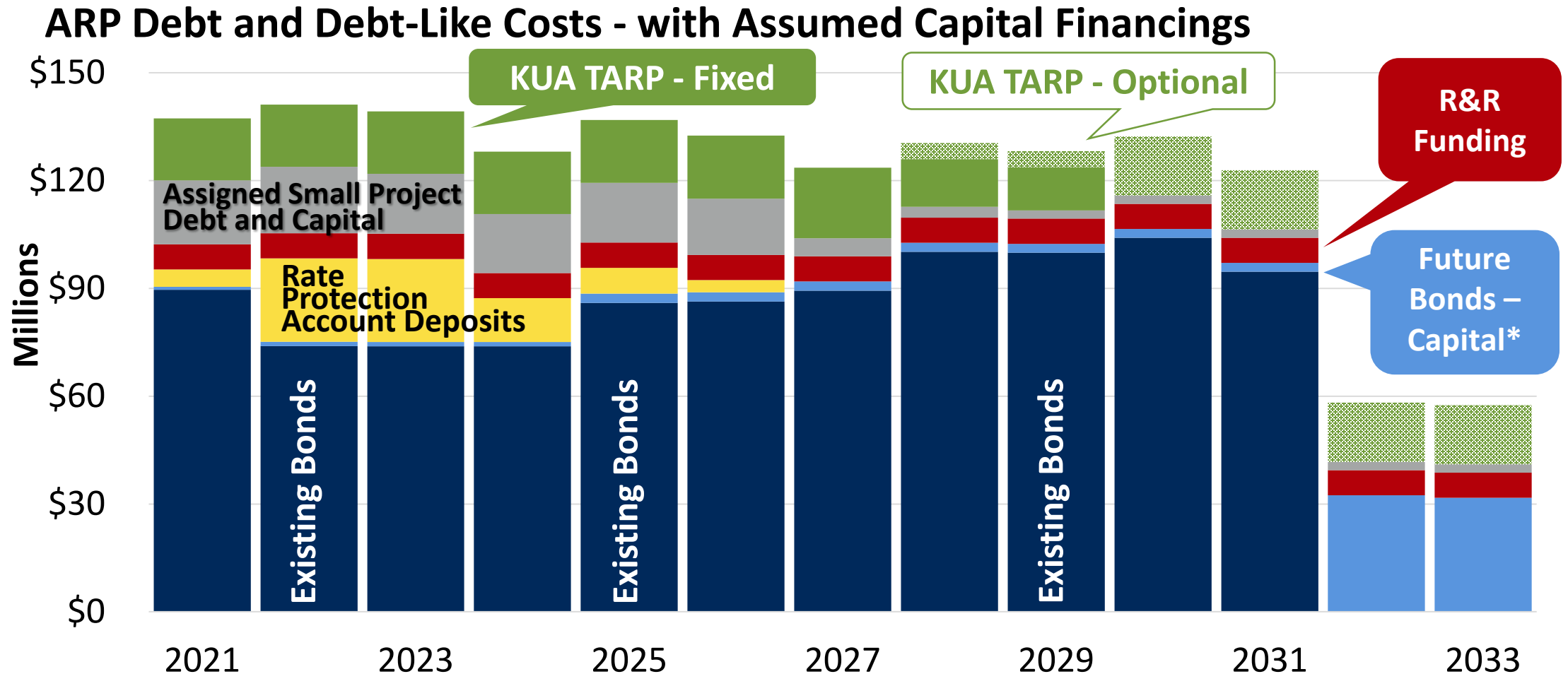
*\$40 Million for Large Combined Cycles and SEC Fuel Conversion*

---

- Existing ARP Debt Matures by 2031
- New debt (issued in 2021) would extend to 2033 or for 12 years
  - Would backend load repayments on these as no current debt past 2031
- Annual rate savings of roughly \$27M or average \$1.13/MWh for 1st four years

# New Debt to Extend for 12 Years

*\$40 Million for Large Combined Cycles and SEC Fuel Conversion*



\* Assumes \$40M financing in 2021 and \$30M financing in 2025 for capital additions

# Taxable Borrowing for \$100 Million of Liquidity

## *Outright Borrowing Funds vs. Line Of Credit Facility*

---

- **Borrow Funds**

- Have Cash On Hand
- No Material Adverse Clause
- Rating Agencies Include in Liquidity Calculation
- Interest Cost with Interest Earnings

- **Line of Credit**

- Ask for Cash When Needed
  - Material Adverse Clause Restriction
- Rating Agencies Do Not Include in Liquidity Calculation
- Monthly Capacity Charge
- Borrowed funds pay variable rate

# Debt Options

## *Rate Impact Comparisons (1)*

Year	Current Rates [2]	Option 1 (New money \$40M; reduce RR by 50%) [3]
2020	\$66.24	\$66.24
2021	\$68.99	\$68.11[4]
2022	\$71.67	\$70.25
2023	\$71.60	\$70.73
2024	\$72.41	\$71.06
2025	\$74.19	\$73.17
2026	\$73.03	\$72.03
2027	\$72.49	\$71.89

[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; \$100M LOC has \$0 net cost.

[4] Rate could change in early calendar year 2021 if approved by the EC.

# Debt Decisions

## *Important for Low-Cost 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 users over a reasonable period
  - Not today's customers paying for assets customers benefit from 10-15 yrs. 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

# FLORIDA MUNICIPAL POWER AGENCY



---

## ALL-REQUIREMENTS POWER SUPPLY PROJECT (ARP)

**REQUEST FOR PROPOSALS FOR \$40,500,000 TAX-EXEMPT (NON-BANK QUALIFIED (NBQ)) BANK LOAN OR PUBLICLY OFFERED NEW MONEY BOND ISSUE**

**SERIES 2021A BONDS (the “Series 2021A Bonds”)**

**REQUEST FOR PROPOSALS FOR A \$100,350,000 TAXABLE BANK LOAN OR PUBLICALLY OFFERED BONDS ISSUE TO BE USED FOR OPERATING AND MAINTENANCE EXPENSES AND WORKING CAPITAL PURPOSES IN LIEU OF A LINE OF CREDIT.**

**SERIES 2021B BONDS (the “Series 2021B Bonds”)**

**The Series 2021A and Series 2021B Bonds are collectively called the “Series 2021 Bonds”.**

---

**RFP # 2020-037**

**Due Date: December 23, 2020**

**TABLE OF CONTENTS**

<b>1. NOTICE TO PROPOSERS .....</b>	<b>3</b>
<b>2. CONE OF SILENCE.....</b>	<b>3</b>
<b>3. INFORMATION ABOUT FMPA .....</b>	<b>4</b>
<b>4. GENERAL TERMS AND CONDITIONS .....</b>	<b>5</b>
<b>5. INSTRUCTIONS FOR PROPOSAL SUBMISSIONS.....</b>	<b>5</b>
<b>6. PUBLIC RECORDS.....</b>	<b>7</b>
<b>7. RIGHTS AND RESPONSIBILITIES OF FMPA .....</b>	<b>7</b>
<b>8. BIDDER’S RIGHTS AND RESPONSIBILITIES .....</b>	<b>8</b>
<b>9. PUBLIC ENTITY CRIMES STATEMENT .....</b>	<b>8</b>
<b>10. BIDDING OPTIONS.....</b>	<b>8</b>
<b>11. SECURITY AND SOURCES OF PAYMENT .....</b>	<b>11</b>
<b>12. RATE COVENANT .....</b>	<b>12</b>
<b>13. ADDITIONAL BONDS .....</b>	<b>13</b>
<b>14. FLOW OF FUNDS .....</b>	<b>13</b>

EXHIBIT A- PUBLIC ENTITY CRIMES FORM

EXHIBIT B- BID SUBMISSION FORMS

EXHIBIT C- STATEMENT OF ARP INDEBTEDNESS AS OF SEPTEMBER 30, 2020



**1. NOTICE TO PROPOSERS**

Proposals will be accepted until **12:00 p.m. on December 23, 2020, in the office of FMPA in Orlando FL** one (1) original version of the proposal response package should be sealed and delivered to the following address:

Rich Popp  
Treasurer and Risk Director  
Florida Municipal Power Agency  
8553 Commodity Circle  
Orlando, FL 32819

Packages shall be clearly marked “FMPA All Requirements Project, Series 2021 Bonds”.

Responses should be limited to 15 pages, excluding Appendices.

Action	Date
Proposals Released	11/25/20
Cone of Silence	11/25/20-1/05/21
Questions Due	12/16/20
Proposals Due	12/23/20
Recommended to EC	02/18/21

**2. CONE OF SILENCE**

“Cone of Silence” means a prohibition of any communication by any means regarding the Request for Proposal (“RFP”).

- A. During the Cone of Silence, which begins on November 25, 2020, and ends on January 5, 2021, only the following communications are permitted:

All communication regarding this RFP must be sent in writing and directed only to Linda Howard, FMPA Chief Financial Officer, [Linda.howard@fmpa.com](mailto:Linda.howard@fmpa.com), Rich Popp, Treasurer and Risk Director, [Rich.popp@fmpa.com](mailto:Rich.popp@fmpa.com) and the Financial Advisor, Craig Dunlap, [jcdunlap@dunlapandassociates.com](mailto:jcdunlap@dunlapandassociates.com). All questions regarding this RFP must be received by 2:00 p.m. on December 16, 2020

### **3. INFORMATION ABOUT FMPA**

- A. Financial information - FMPA's audited financial statements for Fiscal Year ending September 30, 2019, can be found on its website at <http://fmipa.com/financials/financial-statements/>
- B. Disclosure information – for more information about FMPA and the All-Requirements Power Supply Project, please refer to FMPA's Continuing Disclosure Report for Fiscal Year ended September 30, 2019 dated June 26, 2020 and available on EMMA at <https://emma.msrb.org>
- C. Recent Developments:

The case Orlando Utilities Commission v. Michelle Irizarry; Valerie Williams; JoAnn Nixon; JoAnn Robinson; and Brandon Litt has been Voluntary Dismissed with Prejudice as of November 17, 2020.

### **4. GENERAL TERMS AND CONDITIONS**

- A. For Bank Loan transactions, FMPA discourages offers that include capital adequacy, cross-default, acceleration, changes in corporate tax rate, or other interest rate adjustment language for the Series 2021 Bonds. Terms and conditions must be consistent with the existing terms of the All-Requirements Power Supply Project Revenue Bond Resolution, adopted on March 22, 1985, as amended and restated in its entirety on May 23, 2003, as supplemented and amended through the date hereof (the "All-Requirements Project Revenue Bond Resolution"). Supplemental resolutions will be adopted for the Series 2021A Bonds (the "Series 2021A Supplemental Resolution") and the Series 2021B Bonds (the "Series 2021B Supplemental Resolution"). The Series 2021B Bonds will be payable on a junior and subordinate basis to the Series 2021A Bonds.
- B. Any bonds issued pursuant to this Request for Proposal will be issued as Bonds (including the Series 2021A Bonds) or Subordinated Debt (including the Series 2021B Bonds) under, and will be subject to, the terms of the All-Requirements Project Revenue Bond Resolution, as supplemented by the Series 2021A Supplemental Resolution and Series 2021B Supplemental Resolution.
- C. Additional terms and conditions included with the Proposals may be evaluated or considered. If such additional terms and conditions are expressly included or included indirectly by appearing separately in transmittal letters, specifications, literature, price lists or warranties, it is understood and agreed that the general and special conditions in this proposal solicitation are the primary conditions applicable to this RFP. The Proposer's authorized signature affixed to the proposer acknowledgment form attests to this. Any additional terms and conditions MUST be consistent with the All-Requirements Project Revenue Bond Resolution.

### **5. INSTRUCTIONS FOR PROPOSAL SUBMISSIONS**

- A. All sealed Proposals packages must be timely submitted to Rich Popp, FMPA Treasurer and Risk Director, or his designee and clearly marked "The FMPA All Requirements Project, Series 2021 Bonds".
- B. Submission of a Proposal indicates acceptance by the Proposer of the conditions contained in this RFP, unless exceptions are clearly and specifically noted in the Proposal submitted.
- C. All Proposals must be received in the office of the FMPA Treasurer and Risk Director, by 12:00 p.m. December 23, 2020, and they will be opened on that same day at 12:00 p.m. in the

FMPA office located at 8553 Commodity Circle, Orlando, FL 32819.

- D. All Proposers and their representatives are invited to be present at the time of the opening of the Proposals. Any Proposals received by the office of the FMPA Treasurer and Risk Director, after the due date and time specified in this RFP may not be considered and can be returned unopened.
- E. Proposals must be typed or printed. All corrections of any kind to any RFP must be initialed by an authorized representative of the Proposer. All Proposals must contain a manual signature in blue ink of a Proposer's authorized representative. Responses should be limited to 15 pages, excluding Appendices
- F. Pursuant to Florida Statutes, Section 119.071(1)(b)2, sealed Proposals received by an agency (such as FMPA), pursuant to a competitive solicitation are exempt from public disclosure pursuant to Florida Statutes, s. 119.07(1) and s. 24(a), Art. 1 of the State Constitution (which otherwise require disclosure of such Proposals under the "Public Records Law" of the State of Florida for purposes of public inspection, copying or both) until such time as FMPA provides notice of an intended decision or until thirty (30) days after opening of the Proposals or replies, whichever is earlier. Award of the Proposal will be made at a subsequent FMPA Executive Committee meeting. All proposals will become the property of FMPA.
- G. Each Proposer should submit a proposal either as a publicly offered Bond issue and/or a privately placed Bank Loan for the Series 2021A Bonds and Series 2021B Bonds.
- H. Please acknowledge and confirm in your cover letter that you are adhering to Section 4(B) of this RFP.

#### **FINANCING OPTIONS REQUESTED**

##### **Series 2021A Bonds – Bond Issue or Bank Loan**

1. The par amount of the tax-exempt debt to be issued is \$40,500,000.
2. Interest will be paid on April 1 and October 1, beginning October 1, 2021. Principal will be paid on October 1 beginning October 1, 2022, with a final maturity of October 1, 2033.
3. For purposes of the publicly offered Bond Issue, assume bond ratings of A(2) from Moody's and "AA-" from Fitch.
4. The estimated Cost of Issuance for a publicly offered bond issue is \$500,000 and for a Bank Loan \$350,000. Provide the Underwriters Discount to be charged for a publicly offered Bond Issue including take-downs and expenses, including Underwriters' Counsel Fees. FMPA has retained Bryant Miller Olive (BMO), Miami, Florida, as Disclosure Counsel and BMO will be responsible for drafting the Preliminary and Final Official Statements. Banks submitting bids for a privately placed Bank Loan should provide detailed expenses, Include Bank Counsel fees.
5. The Series 2021A Bond Issue and Bank Loan should be priced with a "7 year call" at par occurring on 10/1/2027.
6. The Series 2021A Bank Loan can be bid with a "10 year put" occurring on 10/1/2031.
7. The Series 2021A Bonds are secured by the "Net Revenues" of the All Requirements Power Supply Project on a parity with all outstanding All Requirements Power Supply Project senior debt.
8. Nixon Peabody LLP will serve as bond counsel.

**Series 2021B –Bank Loan**

1. FMPA expects to terminate existing Lines of Credit upon the Series 2021B Bonds issuance.
2. The par amount of taxable Bonds to be issue is \$100,350,000.
3. The taxable Bonds or Bank Loan will be “junior and subordinate” to the outstanding ARP senior lien debt.
4. Interest will be paid on April 1 and October 1 beginning October 1, 2021. Principal will be paid on October 1, 2024, the final maturity of the Bonds.
5. Proceeds from the Series 2021B Bonds or Bank Loan will be used to provide operating and maintenance expenses and working capital for the ARP in lieu of the existing \$100,000,000 Line of Credit.
6. Nixon Peabody LLP will serve as bond counsel.
7. The estimated Cost of Issuance for a publicly offered Bond Issue is \$350,000 and for a Bank Loan \$150,000. Provide the Underwriter’s Discount to be charged for a publicly offered Bond Issue included take-down, expenses including Underwriter’s Counsel fees. FMPA has retained BMO as Disclosure Counsel and BMO will be responsible for drafting the Preliminary and Final Official Statements. Banks submitting bids for a privately placed Bank Loan should provide detailed expenses, including Bank Counsel fees.
8. For privately placed Bank Loans, the rate of interest should be quoted on a fixed and variable basis. The variable rate quote should state a formula rate (i.e. 3 year Treasury) plus a “credit spread”. This formula will continue until the final maturity of the Bonds, October 1, 2024.
9. The Series 2021B Bonds are secured by the “Net Revenues” of the All Requirements Power Supply Project on a “junior and subordinate lien basis” to all senior lien outstanding All Requirements Power Supply Project Bonds, including additional Bonds or parity debt to be issued in the future.

**6. PUBLIC RECORDS**

- A. Each Proposer acknowledges that the public shall have access, at all reasonable times, to certain documents and information pertaining to FMPA contracts, pursuant to the provisions of Chapter 119, Florida Statutes.
- B. The Proposer agrees to maintain public records in its possession or control about its performance under any Agreement entered between the Proposer and FMPA (the “Agreement”), and to provide the public with access to public records in accordance with the record maintenance, production and cost requirements set forth in Chapter 119, Florida Statutes, or as otherwise required by law. Proposers shall ensure that public records that are exempt from public records disclosure requirements are not disclosed, except as authorized by law. If the Proposer claims any exceptions from the Florida Public Records law, it must clearly identify the records and cite the statutory basis for such claim. No liability or responsibility for a Proposer’s failure to comply with Florida Public Records Law may be a liability or responsibility of FMPA, for which each Proposer hereby agrees to indemnify, defend and hold FMPA harmless.

**7. RIGHTS AND RESPONSIBILITIES GOVERNING THIS RFP.**

- A. Rights and Responsibilities of FMPA:
  - i. FMPA reserves the right to reject any or all Proposals at any time. FMPA also reserves the right in its sole discretion to waive minor errors or irregularities in any of this RFP or in the Proposal solicitation procedures or any Proposal.
- B. FMPA reserves the right to reject the Proposal of any Proposer if FMPA believes that it would not be in its best interest to accept it, whether the Proposal is responsive, or if the Proposer:
  - i. is unqualified or of doubtful financial ability in the sole opinion of FMPA;
  - ii. fails to meet any other pertinent standard or criterion established by FMPA; or
  - iii. is deemed to be unacceptable, and no reason shall be required to be specified.

FMPA reserves the right to request clarification of information submitted and to request additional information from one or more Proposers.

FMPA reserves the right to award based on criteria other than price; make an award based on FMPA’s best interest.

**1. PROPOSER’S RIGHTS AND RESPONSIBILITIES FOR THE RFP SUBMITTAL**

- A. Proposals may be modified or withdrawn by an appropriate document duly executed and delivered to the place where Proposals are to be submitted up until the date and time set as the deadline for submitting Proposals. A request for withdrawal or a modification must be in writing and signed by a person duly authorized by the Proposer to do so. Evidence of such authority must accompany the request for withdrawal or modification. Withdrawal of a Proposal will not prejudice the rights of a Proposer to submit a new Proposal prior to the proposal opening date and time. After expiration of the period for receiving Proposals, no Proposal may be withdrawn or modified.

The Proposer warrants by its response to the RFP that the prices, terms and conditions contained in the RFP documents shall be firm for a period of not less than one hundred twenty (120) calendar

days from the date of the RFP response opening.

- B. If a Proposer decides not to submit a Proposal, FMPA requests that the Proposer return the forms with the statement "WILL NOT SUBMIT A PROPOSAL", and, at the Proposer's option, requesting that the Proposer's name be retained on the FMPA's mailing list.

2. **PUBLIC ENTITY CRIMES STATEMENT**

- A. In accordance with §287.133 (2) (a) Florida Statutes, a person or affiliate that has been placed on the convicted Contractor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid or a contract to a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor or supplier, subcontractor, or consultant under contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in §287.017, Fla. Stat., for CATEGORY TWO (as of this writing \$35,000.00) for a period of thirty-six (36) months from the date of being placed on the convicted Contractor list. The "Sworn Statement on Public Entity Crimes" is attached, must be completed, signed by a representative of the company authorized to do so, and returned in the bid. (See Exhibit A).
- B. Any Proposer to this RFP must execute the attached form, SWORN STATEMENT UNDER SECTION 287.133(3)(A), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES, and it is the Proposer's responsibility to ensure that the Firm's representative executes and includes the appropriate form(s) with the RFP.

**1. BANK LOAN RESPONSE ONLY**

- A. Transfer Consent: The successful Proposer shall not assign, transfer, convey, or otherwise dispose of the Series 2021A or Series 2021B Bonds, or any or all its rights, title or interest therein, or its power to execute such bonds to any person, company or corporation without prior written consent of FMPA.
- B. At the closing of the Series 2021A or Series 2021B Bonds, estimated to be on or about March 3, 2021, the Proposer will be required to make certain certifications, including, but not limited to, certifications that it:
- a. is not acting as a broker or other intermediary, and is purchasing the 2021A or Series 2021B Bonds as an investment for its own account and not with a present view to a resale or other distribution to the public;
  - b. has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt and taxable obligations, to can evaluate the merits and risks of its investment in the Series 2021A or Series 2021B Bonds
  - c. is purchasing the 2021A or Series 2021B Bonds for its own account for investment purposes and / or not for resale; provided, however, that subject to its compliance with federal and state securities laws applicable to it, it reserves the right to transfer the Series 2021A or Series 2021B Bonds or any part thereof or interest therein at any time in its sole discretion in whole subject to the written consent of FMPA. The interest rate represented on the Bond was negotiated pursuant to an arms-length transaction. In the opinion of the purchaser, the fair market value of the Series 2021A or Series 2021B Bonds is at least equal to the stated principal amounts represented by the Series 2021A or Series 2021B Bonds. The full principal amount represented by the Series 2021A Bonds (except for the Proposer's fees and expenses, which may have been withheld), will be advanced by the Proposer on this date to or for the benefit of the Issuer and the Proposer is able to bear the economic risk of its investment in the Series 2021A or Series 2021B Bonds ;
  - d. understands, acknowledges and agrees that the 2021A or Series 2021B Bonds have not been and will not be registered under the Securities Act of 1933, as amended, or the securities or Blue Sky laws of any state and are not listed on any stock or securities exchange;
  - e. understands that no offering statement, prospectus, offering circular, official statement or other disclosure document containing material information with respect to the Issuer and the 2021A or Series 2021B Bonds are being or have been prepared, and that, with due diligence, it has made its own inquiry and analysis with respect to the Issuer, the Series 2021A or Series 2021B Bonds and the security therefore;
  - f. is a bank, trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes; and
  - g. is not purchasing the 2021A or Series 2021B Bonds for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

The successful Proposer will be required to comply with Section 218.385 Florida Statutes.

Series 2021A or Series 2021B Bonds Additional Information

1. **Anticipated Staff Review:** January 5, 2021
2. **Anticipated Closing Date of these Transactions:** March 12, 2021 - The Proposal must reflect the rate as it would be calculated on December 17, 2020.
3. The 2021A or Series 2021B Bonds will be evidenced by a single bond equal to the principal amount for each Series and maturity within a Series, if applicable, if issued as a Bank Loan.
4. Legal Documentation for FMPA will be provided by Nixon Peabody, LLP, New York, New York, serving as Bond Counsel to FMPA, Bryant Miller Olive (BMO), Miami, Florida, as Disclosure Counsel and FMPA's Office of the General Counsel, Tallahassee, Florida.
5. Expenses: Expenses associated with the preparation of all documents, will not be paid by FMPA unless noted in Proposal. FMPA shall furnish, without charge to the successful Proposer, the opinion of Nixon Peabody, LLP, Bond Counsel, approving the legality of the Series 2021A or Series 2021B Bonds. Customary legal and closing documents relating to the issuance of the Series 2021A or Series 2021B Bonds will be prepared by FMPA's Bond Counsel.
6. The amortization of the Series 2021A or Series 2021B Bonds must be consistent with the proposed amortization schedules found on page 19.
7. The Series 2021A or Series 2021B Bonds, if issued as a Bank Loan, may not be broken down into minimum denominations below \$100,000 or such other amount agreed upon between FMPA and the successful Proposer.
8. No debt service reserve fund will apply to the 2021A or Series 2021B Bonds.

**Outstanding Indebtedness**

1. As of September 30, 2020, FMPA has \$785,140,000 principal amount of Bonds outstanding in the following amounts with respect to the All-Requirements Power Supply Project: (See Exhibit C).



## **CERTAIN INFORMATION REGARDING FLORIDA MUNICIPAL POWER AGENCY All-Requirements Power Supply Project**

*The information set forth below is only a brief description of certain information about FMPA and the All-Requirements Power Supply Project Series 2021A and Series 2021B Bonds. The information set forth below does not purport to be complete and Proposers should review the information referred to in Section 3 of the RFP prior to making any Proposal.*

### **Florida Municipal Power Agency**

Florida Municipal Power Agency (“FMPA”) is a governmental legal entity, organized and existing under Florida law and exercising powers as set forth in (i) Section 163.01 of the Florida Statutes (the Florida Interlocal Cooperation Act”), (ii) Chapter 361, Part II of the Florida Statutes (the “Joint Power Act”), and (iii) an interlocal agreement creating FMPA among the 32 members of FMPA (each individually a “Member” and collectively, the “Members”) executed pursuant to the foregoing statutory authority (the “Interlocal Agreement”). Members of FMPA are 31 Florida city commissions, city and town councils, utility commissions, utility authority or utility board. Under Florida law, FMPA has authority to undertake and finance specified projects and, among other things, to plan, finance, acquire, construct, reconstruct, own, lease, operate, maintain, repair, improve, or otherwise participate jointly in those electric projects. FMPA has the authority to issue bonds or bond anticipation Notes for the purpose of financing or refinancing the costs of these projects. FMPA’s September 30, 2019 Financial Statements can be found at [www.fmpa.com](http://www.fmpa.com).

### **Authority for the Series 2021A and Series 2021B Bonds**

The Series 2021 Bonds are being issued pursuant to the Florida Interlocal Cooperation Act, the Joint Power Act and Chapter 166, Part II, Florida Statutes (collectively, the “Act”), and the All-Requirements Project Revenue Bond Resolution (the “Resolution”).

### **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021A AND SERIES 2021B BONDS**

**For additional information please refer to the All-Requirements Project Revenue Bond Resolution, a copy of which can be provided by FMPA.**

### **Pledge Under the Resolution**

The principal of and premium, if any, and interest on all Bonds issued under the Resolution, including the Series 2021A Bonds or any Additional Bonds hereafter issued as parity debt are payable solely from and secured as to payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by (i) proceeds of the sale of the Series 2021A Bonds, (ii) all right, title and interest of FMPA in, to and under the Power Supply Contracts, (iii) the Revenues and (iv) all funds established by the Resolution including investment income, if any, thereon, subject only to provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

The Series 2021A Bonds are direct and special obligations of FMPA payable solely out of the Revenues and other funds pledged thereto under the Resolution as described above. Neither the State of Florida nor any political subdivision thereof nor any city or other entity which is a Member of FMPA, other than FMPA, is obligated to pay the principal of and premium, if any, and interest on the Series 2021A Bonds, and neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof or of any City or other entity is pledged to the payment of the principal of and premium, if any, and interest on the Series 2021A Bonds. FMPA has no taxing power. FMPA may issue Additional Bonds on a parity basis with the Series 2021A Bonds pursuant to the Resolution.

Principal and interest payments by FMPA with respect to the Series 2021B Bonds will constitute “Subordinated Debt” payable from the Subordinated Debt Fund for purposes of the All-Requirements Project Revenue Bond Resolution. As such, the principal and interest payments will be secured by a lien on the Revenues that is (i) subordinate to the lien thereon securing the Bonds issued under the Resolution (including the Series 2021A Bonds) and Parity Debt and (ii) on a parity with FMPA’s Subordinated Debt currently outstanding. The principal of and interest on the Series 2021B Bonds will constitute “Revenue Requirements” for purposes of the Power Supply Contracts. As Revenue Requirements, such principal and interest will be recoverable through the rates and charges established by FMPA for services provided under the Power Supply Contracts. Amounts payable by each Project Participant under its Power Supply Contract shall constitute operating expenses of its electric or integrated utility system.

The funds, moneys and securities pledged and assigned for the benefit of the Holders of the Series 2021B Bonds shall immediately be subject to the lien and charge of the Series 2021B Supplemental Resolution without any physical delivery thereof or further act, and the lien and charge of the Series 2021B Supplemental Resolution shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise, against FMPA, irrespective of whether such parties have notice thereof.

The principal of, and interest on, the Series 2021B Bonds is payable solely from amounts in the Subordinated Debt Fund, and neither the State of Florida nor any political subdivision thereof, nor any city or other entity which is a member of FMPA, other than the All-Requirements Power Supply Project, is obligated to pay the principal of, and interest on, the Series 2021B Bonds, and neither the faith and credit nor the taxing power of the State of Florida, or any political subdivision thereof, or of any such city or other entity, is pledged to the payment of the principal of, and interest on, the Series 2021B Bonds.

#### **Debt Service Reserve**

There will not be a Debt Service Reserve Requirement for the Series 2021A or Series 2021B Bonds.

#### **Rate Covenant**

FMPA has covenanted in the Resolution to fix, establish, maintain and collect rents, rates, fees, and charges under the Power Supply Contracts and to otherwise charge and collect rents, rates, fees, and charges for the use or the sale of the output, electric capacity and energy or service of the System which, together with other available Revenues, are reasonably expected to yield Net Revenues for the twelve-month period commencing with the effective date of such rents, rates, fees and charges which shall be equal to at least the Aggregate Debt Service for such period and, in any event, as shall be required, together with other available funds, to pay or discharge all other indebtedness, charges and liens whatsoever payable out of Revenues under the Resolution, excluding from Aggregate Debt Service for purposes of the foregoing any Principal Installment which is a Refundable Principal Installment and which FMPA intends to pay from sources other than Revenues.

Each participant is required by the terms of its respective Power Supply Contract to establish, levy and collect rents, rates and other charges for the products and services provided by its electric or integrated utility system, which rents, rates, and other charges shall be at least sufficient (i) to meet the operation and maintenance expenses of such electric or integrated utility system, (ii) to comply with all covenants pertaining thereto contained in, and all other provisions of, any resolution, trust indenture, or other security agreements relating to any bonds or other evidences of indebtedness issued or to be issued by a Participant, (iii) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Participant, including without limitation, its Power Supply Contract, and (iv) to pay all other amounts payable from or constituting a lien or charge on the revenues of its electric or integrated utility system.

### **All-Requirements Power Supply Contracts**

The Power Supply Contracts provide for payments by the Participants of amounts sufficient to pay debt service on all Bonds (including the Series 2021A Bonds) and Subordinated Debt (including the Series 2021B Bonds), and all other payments required by the Resolution, such as operation and maintenance costs of the Project and deposits to reserves.

### **Additional Senior Lien Bonds**

FMPA may, upon compliance with certain terms and conditions set forth in the Resolution, issue additional bonds for the purpose of (i) providing additional funds to finance costs incurred by FMPA in connection with Project, including developmental costs, costs of acquisition and construction of additional power supply resources, operating costs and retirement costs and (ii) refunding any of the Bonds then outstanding under the Resolution.

### **Additional Subordinated Debt**

FMPA may, upon compliance with certain terms and conditions set forth in the Resolution, issue additional Subordinated Debt for any of the following purposes, among others: the purchase or redemption of Bonds and expenses in connection with the purchase or redemption of such Bonds or any reserves which FMPA determines shall be required for such purposes; payment of Operation and Maintenance Expenses or credit to the Working Capital Account in the Operation and Maintenance Fund for application to the purposes of that Account; any other lawful purpose of FMPA related to the System not otherwise prohibited by the Resolution.

### **Flow of Funds Under the Resolution**

Pursuant to the Resolution, all Revenues are deposited with FMPA to the credit of the Revenue Fund. Each month funds are to be transferred from the Revenue Fund in the following amounts and in the order of priority set forth below:

**First**, to the Operation and Maintenance Fund held by FMPA (i) for credit to the Operation and Maintenance Account in the amount, if any, required so that the balance credited to said Account equals the amount estimated to be necessary for the payment of Operation and Maintenance Expenses for the succeeding month, (ii) for credit to the Working Capital Account in the amount, if any, required so that the balance credited to said Account equals the amount budgeted therefor, and (iii) for credit to the Rate Stabilization Account Reserve in the amount, if any, required so that the balance credited to said Account equals the amount so budgeted therefor;

**Second**, to the Debt Service Fund held by the Trustee for credit to the Debt Service Account, the amount required so that the balance in such Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all outstanding Bonds for the period) shall equal the Accrued Aggregate Debt Service;

**Third,** to reimburse each Reserve Account Credit Facility Provider for any amounts advanced under its Reserve Account Credit Facility;

**Fourth,** to the Debt Service Fund held by the Trustee for credit to each subaccount of the Debt Service Reserve Account, the amount required for such subaccount to equal the Debt Service Reserve Requirement.

**Fifth,** to the Subordinated Debt Fund maintained and held as determined by the Supplemental Resolution, the amount, if any, required to pay principal or sinking fund installments of or premium, if any, and interest on each issue of Subordinated Debt and reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Debt;

**Sixth,** for credit to the Reserve and Contingency Fund maintained and held by FMPA (i) for credit to the Renewal and Replacement Account, the amount budgeted therefor and (ii) for credit to the Contingency Account, the amount required for such account to equal the Contingency Requirement;

**Seventh,** for credit to the Decommissioning Fund, if one has been established, pursuant to the Resolution, the amount budgeted for credit to such fund for the month, if any, and

**Eighth,** for credit to the General Reserve Fund maintained and held by FMPA, the remaining balance, if any, of moneys in the Revenue Fund.

EXHIBIT A  
REQUEST FOR PROPOSAL  
FLORIDA MUNICIPAL POWER AGENCY (FMPA)  
ALL-REQUIREMENTS POWER SUPPLY PROJECT (ARP)  
PUBLIC ENTITY CRIMES FORM

---

**SWORN STATEMENT UNDER SECTION 287.133 (3) (A)  
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

***This form must be signed in the presence of a Notary Public or other Officer authorized to administer oaths.***

1. This sworn statement is submitted to:

\_\_\_\_\_  
(Print name of the Public Entity.)

by:

\_\_\_\_\_  
(Print individual's name and title.)

for:

\_\_\_\_\_  
(Print name of Entity submitting sworn statement.)

whose business address is:

\_\_\_\_\_

and, if applicable, its Federal Employer Identification Number (FEIN) is \_\_\_\_\_

(If the Entity has no FEIN, please include the Social Security  
Number of the individual signing this sworn statement): \_\_\_\_\_

2. I understand that a "public entity crime" as defined in Paragraph 287.133 (1) (g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133 (1) (b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an "affiliate" as defined in Paragraph 287.133 (1) (a), Florida Statutes, means:
- a) A predecessor or successor of a person convicted of a public entity crime; or,
  - b) An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

**Florida Municipal Power Agency**  
**All-Requirements Power Supply Project Series 2021A and Series 2021B**

5. I understand that a "person" as defined in Paragraph 287.133 (1) (e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. *(Please indicate which statement applies.)*

\_\_\_\_\_ Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

\_\_\_\_\_ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

\_\_\_\_\_ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings, and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. *(Please attach a copy of the final order.)*

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE (1) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

PERSONALLY APPEARED BEFORE ME, the undersigned authority, \_\_\_\_\_ who, after first being sworn by me, affixed his/her signature in *(Name of individual signing.)*

the space provided above on this \_\_\_\_\_ day of \_\_\_\_\_, 2020\_\_

\_\_\_\_\_  
**NOTARY PUBLIC**

\_\_\_\_\_  
My commission expires:

REQUEST FOR PROPOSAL (BOND ISSUE)  
EXHIBIT B 1  
FLORIDA MUNICIPAL POWER AGENCY (FMPA)  
ALL-REQUIREMENTS POWER SUPPLY PROJECT (ARP)  
BID SUBMISSION FORM

---

	\$40,500,000 Tax-Exempt (NBQ) Series 2021A	\$100,350,000 Taxable Series 2021B
Amortization	10/1/2021 to 10/1/2033	10/1/2024 Term
Lien Status	Parity	Subordinate
Ratings	Moody's "A2"; Fitch "AA-"	TBD
Dated/Delivery Date	3/3/2021	3/3/2021
Proposed Underwriters Discount	\$ _____	\$ _____
FMPA Estimated Cost of Issuance	\$500,000	\$350,000
Coupons/Yields As of _____	Include in Detailed Debt Schedules	Include in Detailed Debt Schedules
Total Interest Paid	\$ _____	\$ _____
True Interest Cost	_____ %	_____ %
All-In TIC	_____ %	_____ %

REQUEST FOR PROPOSAL (BANK LOAN)  
EXHIBIT B 2  
FLORIDA MUNICIPAL POWER AGENCY (FMPA)  
ALL-REQUIREMENTS POWER SUPPLY PROJECT (ARP)  
BID SUBMISSION FORM

---

	\$40,300,000 Tax-Exempt (NBQ) Series 2021A	\$100,150,000 Taxable Series 2021B
Amortization	10/1/2021 to 10/1/2033	10/1/2024 Term
Lien Status	Parity	Subordinate
Ratings	Not Applied For	Not Applied For
Dated/Delivery Date	3/1/2021	3/1/2021
Origination Fees (if any)	\$ _____	\$ _____
Bank Counsel Fees		
Bank Counsel Firm		
FMPA Estimated Cost of Issuance	\$300,000	\$150,000
Interest Rate to 10/1/2033	_____ %	_____ %
Interest Rate with “Put Option On 10/1/2031	_____ %	N/A
Total Interest Paid	\$ _____	\$ _____
True Interest Cost	_____ %	_____ %
All-In TIC	_____ %	_____ %



EXHIBIT C  
REQUEST FOR PROPOSAL  
FLORIDA MUNICIPAL POWER AGENCY (FMPA)  
ALL-REQUIREMENTS POWER SUPPLY PROJECT (ARP)  
STATEMENT OF INDEBTEDNESS AS OF SEPTEMBER 30, 2020

Fiscal Year Ending 9/30	2019A Principal	2019A Interest	2019B Principal	2019B Interest	2018A Principal	2018A Interest	2017A Principal	2017A Interest
2021		3,384,900.00	1,615,000.00	123,083.91		2,118,400.00		3,481,250.00
2022		3,761,000.00	1,650,000.00	105,009.00		2,118,400.00		3,481,250.00
2023		3,761,000.00	1,685,000.00	72,240.00		2,118,400.00		3,481,250.00
2024		3,761,000.00	1,720,000.00	37,461.60		2,118,400.00		3,481,250.00
2025		3,761,000.00				2,118,400.00		3,481,250.00
2026	8,600,000.00	3,761,000.00				2,118,400.00	22,785,000.00	3,481,250.00
2027	9,350,000.00	3,331,000.00				2,118,400.00	22,585,000.00	2,342,000.00
2028	10,110,000.00	2,863,500.00				2,118,400.00	23,180,000.00	1,212,750.00
2029	9,595,000.00	2,358,000.00			18,575,000.00	2,118,400.00	1,075,000.00	53,750.00
2030	9,855,000.00	1,878,250.00			19,320,000.00	1,375,400.00		
2031	14,045,000.00	1,385,500.00			19,895,000.00	795,800.00		
2032	13,665,000.00	683,250.00						
<b>Total</b>	<b>75,220,000.00</b>	<b>34,689,400.00</b>	<b>6,670,000.00</b>	<b>337,794.51</b>	<b>57,790,000.00</b>	<b>21,236,800.00</b>	<b>69,625,000.00</b>	<b>24,496,000.00</b>

Fiscal Year Ending 9/30	2017B Principal	2017B Interest	2016A Principal	2016A Interest	2015B Principal	2015B Interest	Total - Bonds Only		Total
							Principal	Interest	
2021	2,225,000.00	1,487,477.60	38,415,000.00	19,800,625.00	6,235,000.00	4,723,262.50	48,490,000.00	35,118,999.01	83,608,999.01
2022	6,765,000.00	1,438,594.36	40,330,000.00	17,832,000.00	6,535,000.00	4,409,012.50	55,280,000.00	33,145,265.86	88,425,265.86
2023	6,920,000.00	1,277,587.36	26,720,000.00	16,155,750.00	6,865,000.00	4,074,012.50	42,190,000.00	30,940,239.86	73,130,239.86
2024	7,085,000.00	1,099,051.36	27,975,000.00	14,788,375.00	7,205,000.00	3,722,262.50	43,985,000.00	29,007,800.46	72,992,800.46
2025	9,065,000.00	902,867.70	29,355,000.00	13,355,125.00	7,565,000.00	3,353,012.50	45,985,000.00	26,971,655.20	72,956,655.20
2026	20,865,000.00	638,260.36		12,621,250.00	7,945,000.00	2,977,762.50	60,195,000.00	25,597,922.86	85,792,922.86
2027			22,875,000.00	12,071,875.00	8,315,000.00	2,583,762.50	63,125,000.00	22,447,037.50	85,572,037.50
2028			27,260,000.00	10,841,000.00	8,735,000.00	2,172,693.75	69,285,000.00	19,208,343.75	88,493,343.75
2029			45,110,000.00	9,031,750.00	9,140,000.00	1,741,000.00	83,495,000.00	15,302,900.00	98,797,900.00
2030			48,475,000.00	6,692,125.00	9,595,000.00	1,272,625.00	87,245,000.00	11,218,400.00	98,463,400.00
2031			51,345,000.00	4,196,625.00	10,075,000.00	780,875.00	95,360,000.00	7,158,800.00	102,518,800.00
2032			66,260,000.00	1,456,500.00	10,580,000.00	264,500.00	90,505,000.00	2,404,250.00	92,909,250.00
<b>Total</b>	<b>52,925,000.00</b>	<b>6,843,838.74</b>	<b>424,120,000.00</b>	<b>138,843,000.00</b>	<b>98,790,000.00</b>	<b>32,074,781.25</b>	<b>785,140,000.00</b>	<b>258,521,614.50</b>	<b>1,043,661,614.50</b>

Exhibit E

PROPOSED SERIES 2021A

Total Series 2021A Net Debt Service			
Date	Principal	Interest	Total
04/01/21	0	0	0
10/01/21	500,000	354,375	854,375
04/01/22	0	350,000	350,000
10/01/22	500,000	350,000	850,000
04/01/23	0	345,625	345,625
10/01/23	500,000	345,625	845,625
04/01/24	0	341,250	341,250
10/01/24	500,000	341,250	841,250
04/01/25	0	336,875	336,875
10/01/25	500,000	336,875	836,875
04/01/26	0	332,500	332,500
10/01/26	500,000	332,500	832,500
04/01/27	0	328,125	328,125
10/01/27	500,000	328,125	828,125
04/01/28	0	323,750	323,750
10/01/28	500,000	323,750	823,750
04/01/29	0	319,375	319,375
10/01/29	500,000	319,375	819,375
04/01/30	0	315,000	315,000
10/01/30	500,000	315,000	815,000
04/01/31	0	310,625	310,625
10/01/31	500,000	310,625	810,625
04/01/32	0	306,250	306,250
10/01/32	17,500,000	306,250	17,806,250
04/01/33	0	153,125	153,125
10/01/33	17,500,000	153,125	17,653,125
04/01/34	0	0	0
10/01/34	0	0	0
04/01/35	0	0	0
10/01/35	0	0	0
	40,500,000	7,879,375	48,379,375

## **AGENDA ITEM 8 – ACTION ITEMS**

- e) Approval of the Calendar Year 2021  
Meeting Schedule**

**Executive Committee  
December 10, 2020**



# **8d – Approval of the Calendar Year 2021 Meeting Schedule**

Executive Committee

December 10, 2020

# Proposed Calendar Year 2021 Meeting Dates

## *Board of Directors and Executive Committee*

---

Meeting Date	Meeting Date
January 21	July 21 (during FMEA Annual Conference)
February 17 (APPA Legislative Rally March 1 & 2)	August 19
March 18	September 16
April 15	October 21
May 20 (budget)*	November 18 (Subject to cancelation)
June 10 (APPA National Conference June 18-23)	December 9 (2 <sup>nd</sup> Thursday due to Holidays)

# Recommended Motion

---

- Move approval of the recommended calendar year 2021 meeting schedule.

## **AGENDA ITEM 9 – INFORMATION ITEMS**

- a) Preliminary Financial Results September 30, 2020**

**Executive Committee  
December 10, 2020**



# **EC 9a / BOD 9a – Preliminary Financial Results**

## **September 30, 2020**

Board of Directors & Executive Committee  
December 10, 2020



# FMPA Financial Highlights

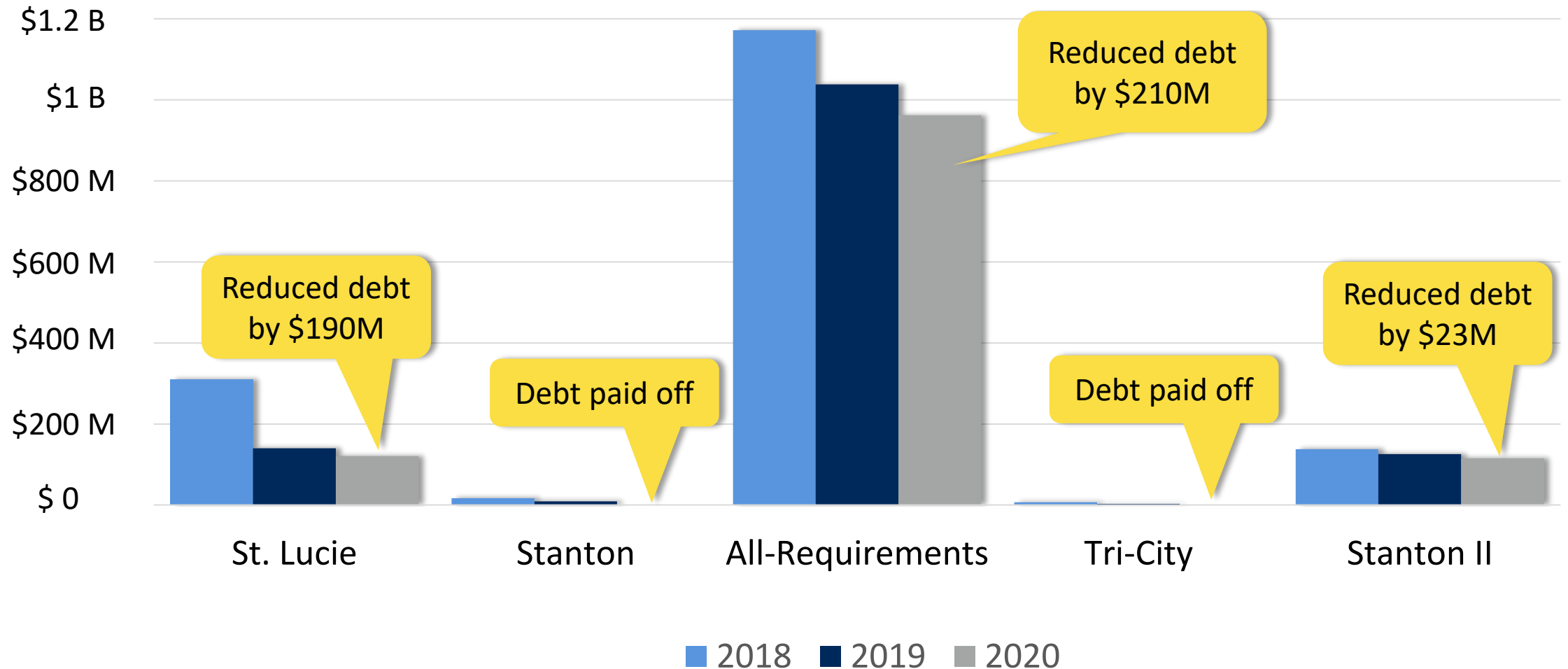
## *Fiscal Year 2020*

---

- **Long-Term Debt:** Reduced by \$108.4 M, Stanton & Tri-City Paid Off
- **Swaps eliminated:** November 2019
- **St. Lucie:** \$28 million funded in excess of value included in 2015 decommissioning study – Updated Study Expected this month
- **Expenses:** Expenses below budget for all projects
- **Due to participants:** Net due \$9.598 M; Fiscal 2019 Net due \$7.789 M
- **Rates:** Remain very low

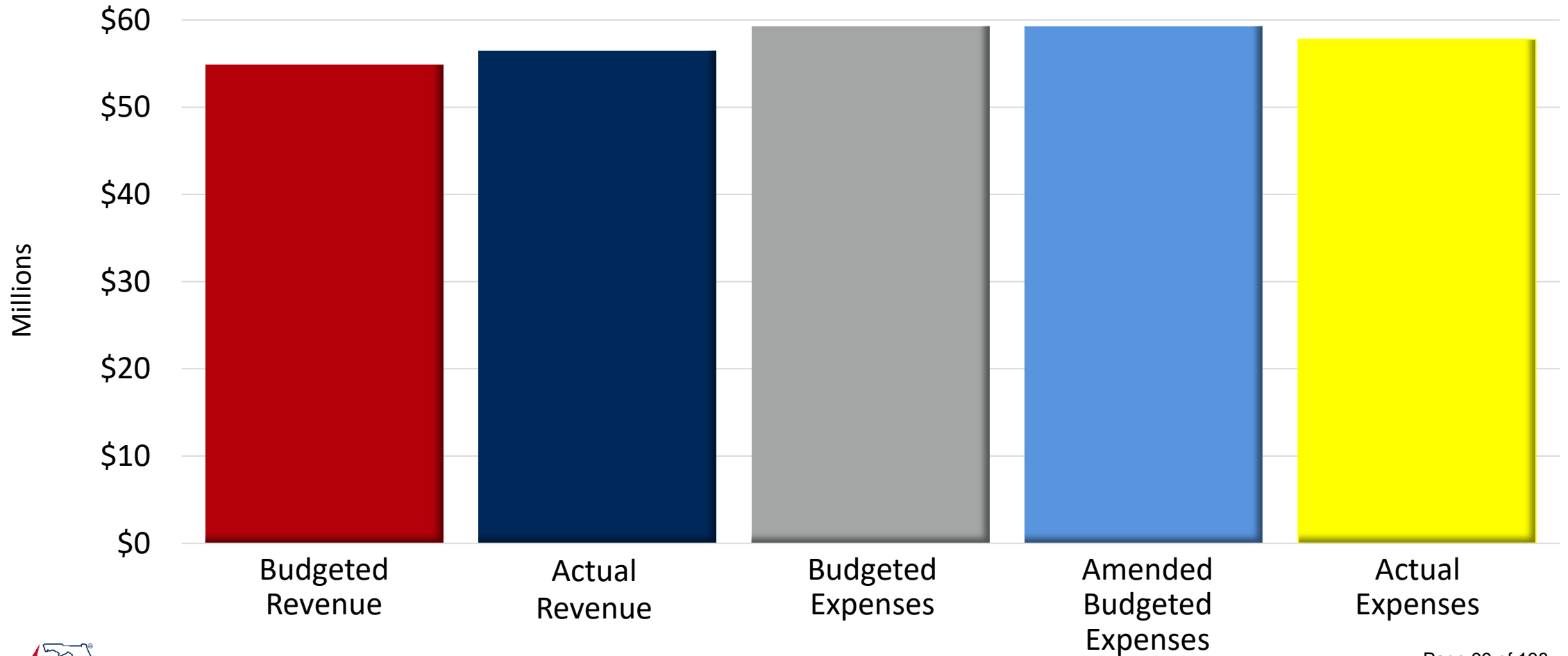
# Long-Term Debt by Project

*Two-Year Reduction of \$446 Million Since Fiscal 2018*



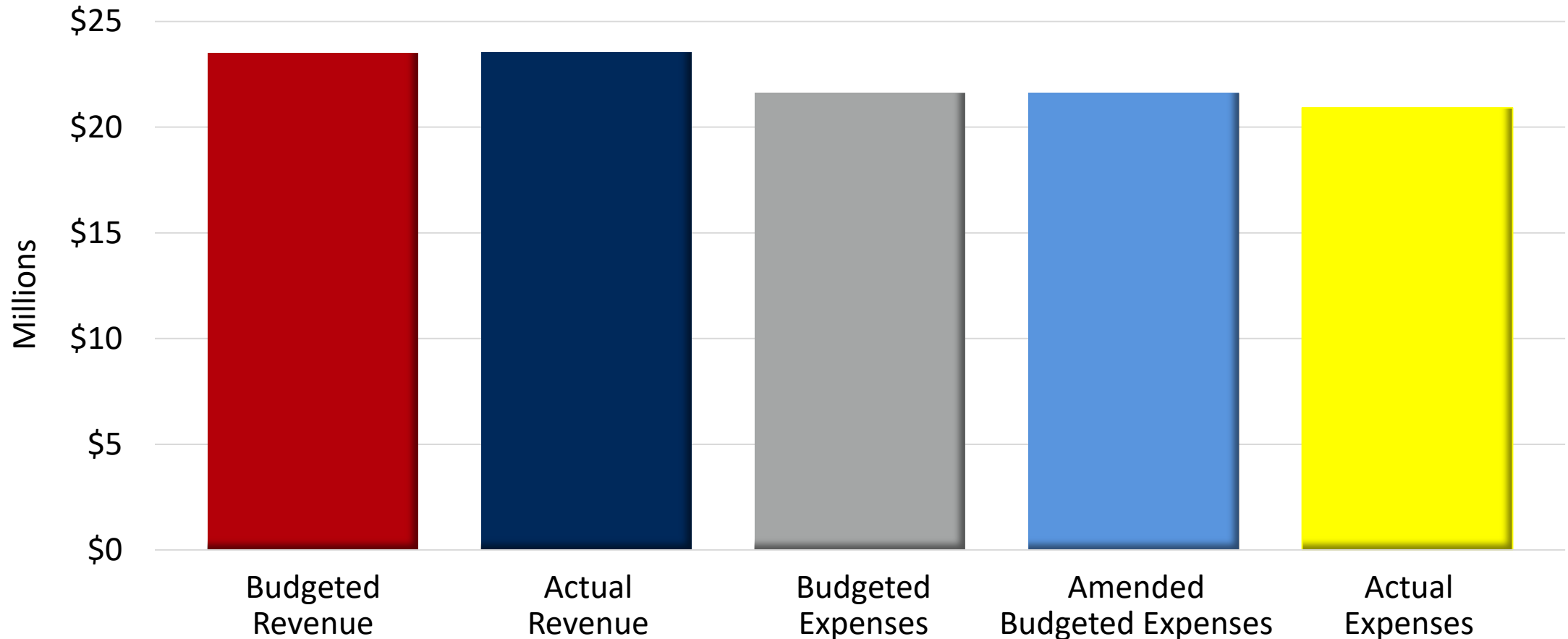
# St. Lucie Project

*Participants to Receive \$3.116M*



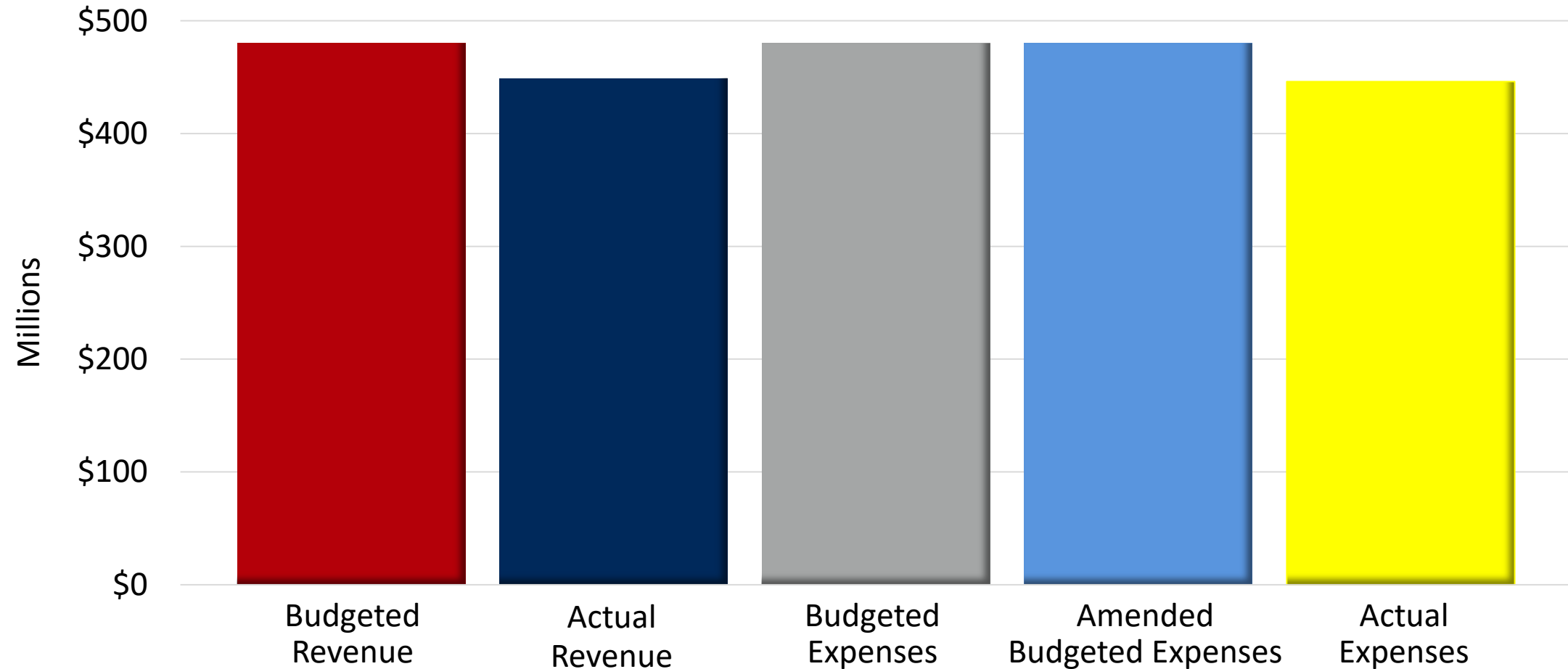
# Stanton Project

*Participants to Receive \$708,000*



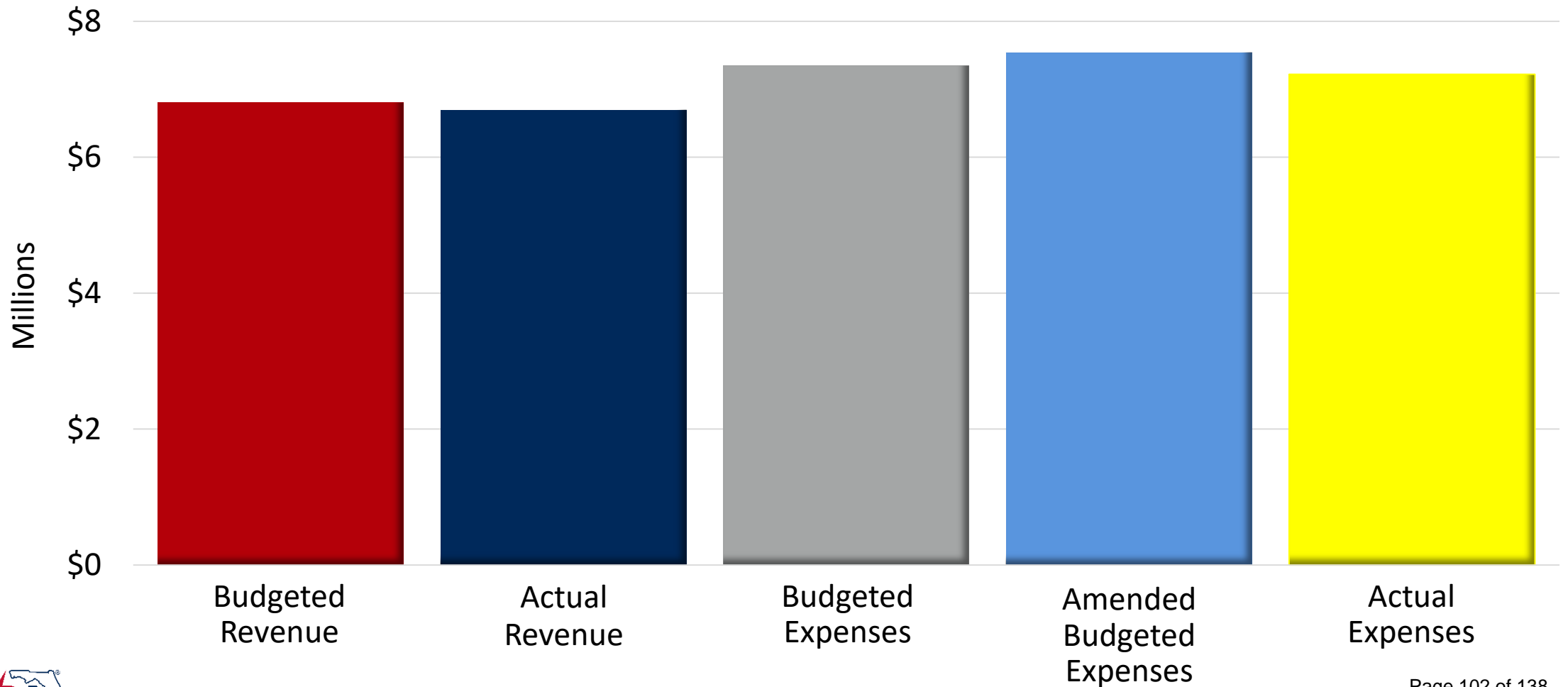
# All-Requirements Project

## *Participants to Receive \$2.7 Million*



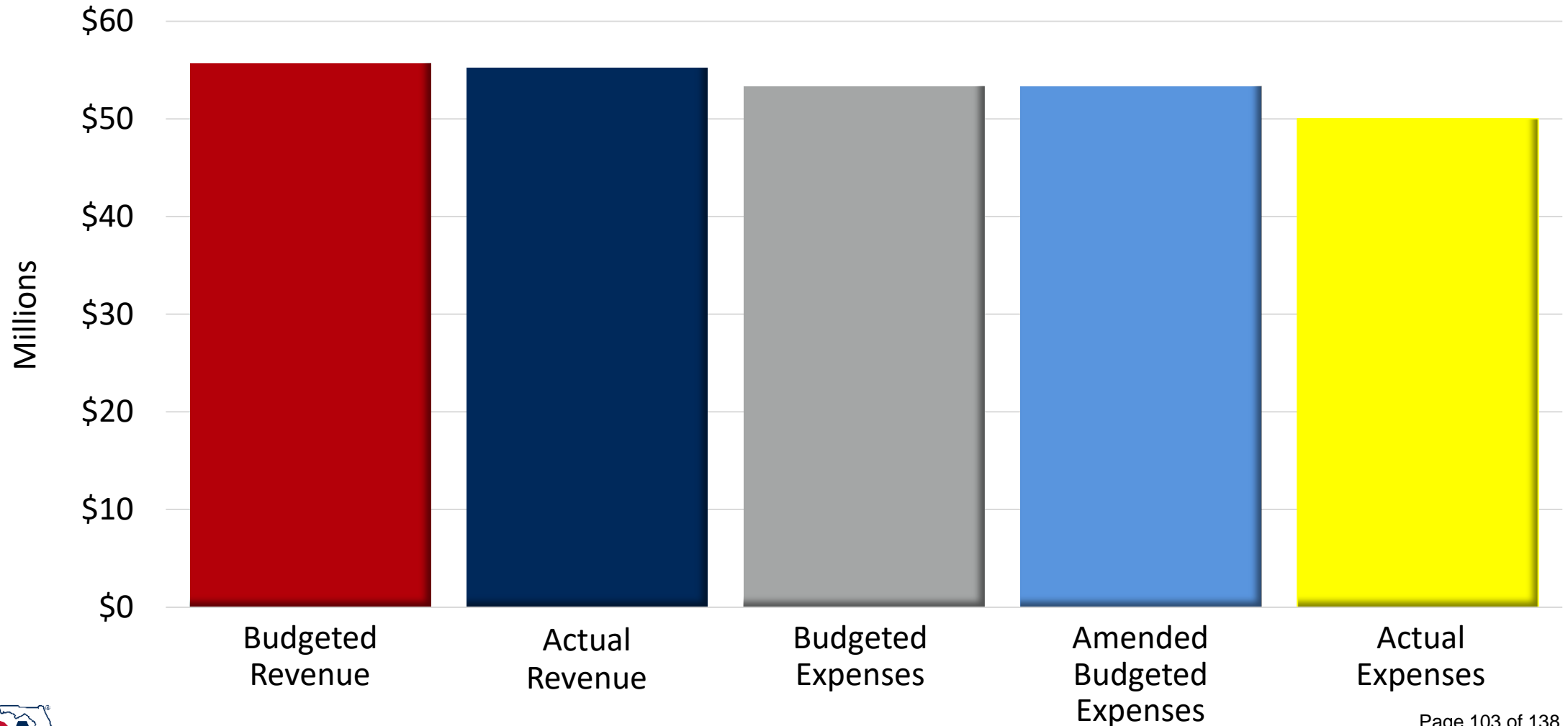
# Tri-City Project

*Participants to Receive \$207,000*



# Stanton II Project

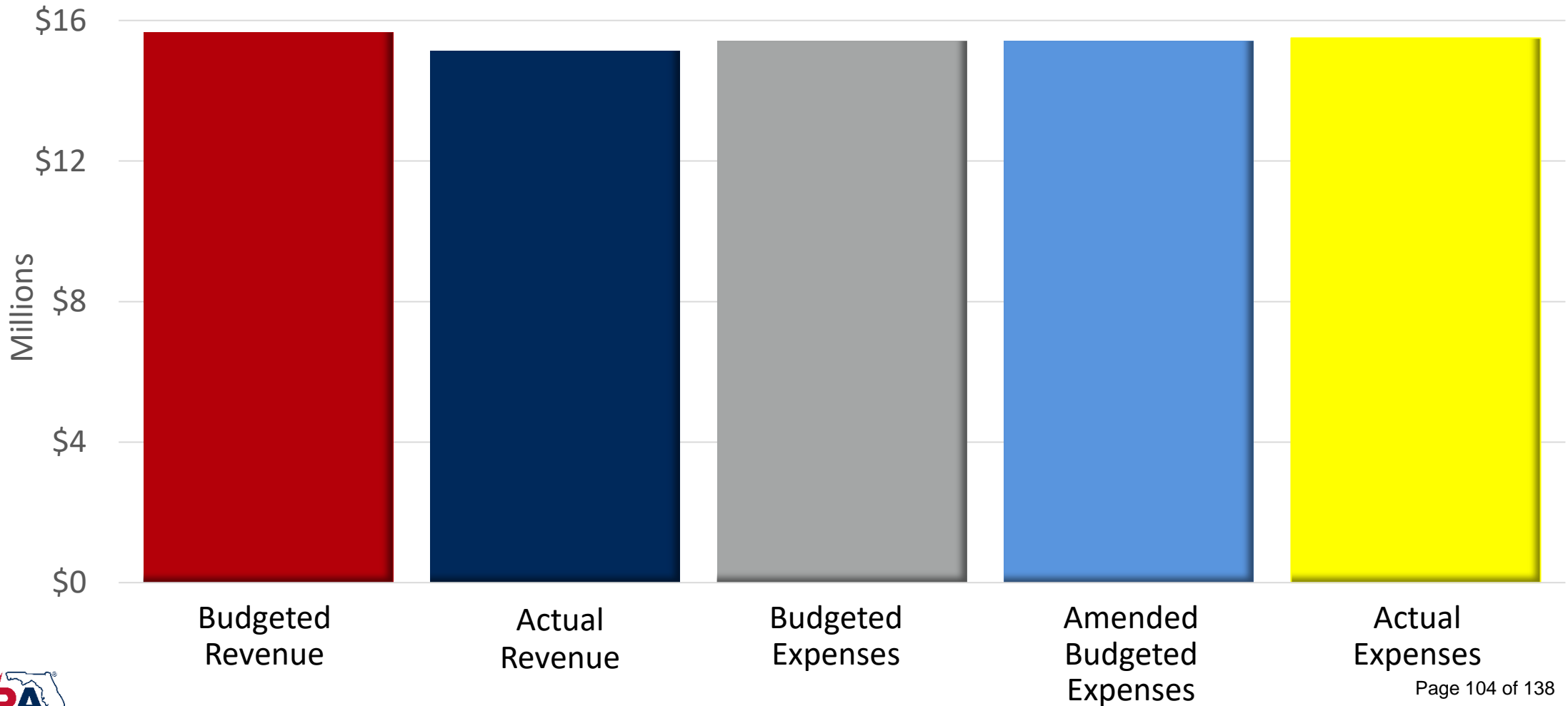
*Participants to Receive \$2.8 Million*



# Agency

## *Spending \$472,000 Below Budget*

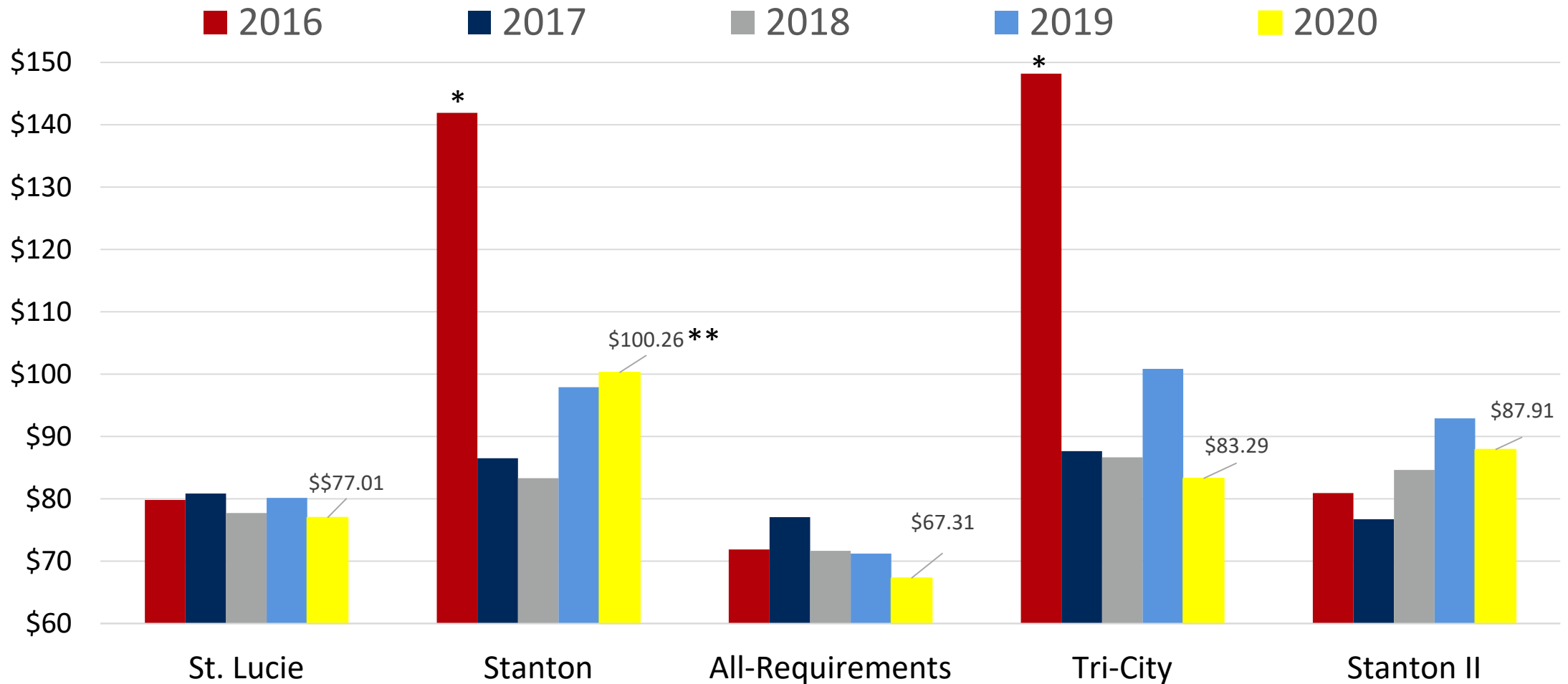
---





# Average Dollars Per Megawatt Hour Billed

## By Project Years 2016 - 2020



# Next Steps to Finalize Fiscal 2020 Financials

---

- Final leadership review of Financial Statements
- Final Review by external auditors Purvis Gray & Company
- Auditors to provide auditor report and opinion letter
- January 2020 – Provide Financial Statements & Audit Report to Board of Directors & Executive Committee for approval

## **AGENDA ITEM 9 – INFORMATION ITEMS**

### **b) Regulatory Compliance Quarterly Update**

**Executive Committee  
December 10, 2020**



# 9b – Regulatory Compliance Update

Board of Directors and Executive Committee

December 10, 2020

# Roles of FMPPA Regulatory Compliance Department

---

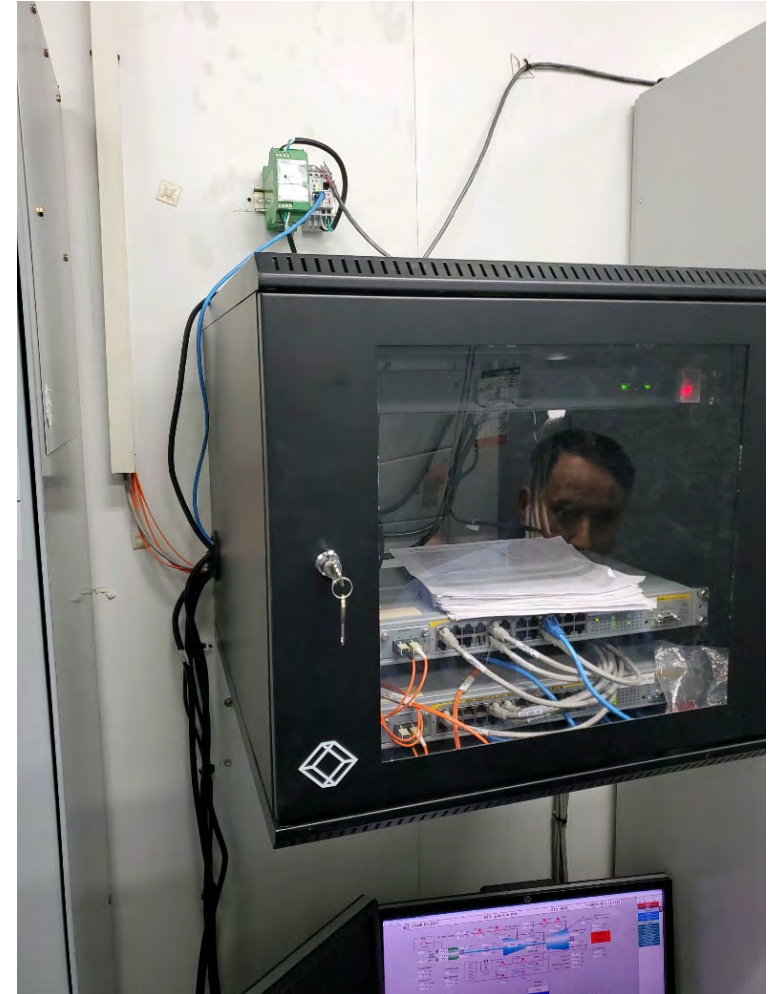
- Performs three main functions related to NERC mandatory reliability standards
  - **FMPPA Compliance**
    - Generation Plants (GO/GOP/TO/TP) – Compliance manager site visits
    - Internal Compliance – CIP Self-report; FMPP Self-report
  - **Member Support**
    - Standards development, interpretation, and implementation support – FMPPA Compliance Seminar
    - Peer reviews, spot checks, audit process support – peer review, member visits
  - **Industry Influence**
    - Provide feedback to FERC, NERC and SERC initiatives and policy – SERC & NERC Fall Seminar, Cold Weather Standard
    - Balloting & Standards Development – Facilities Rating Standards Efficiency Review

# FMPPA Compliance

---

- No reportable compliance violations since September 2020 update
  - Gathering facts for a CIP self-report to SERC for TCEC & CI plant sites
- Cyber Security
  - Team scanned plant sites with Dragos network monitoring platform
  - Offering same scanning service to members
- FMPP had a self-report – SERC completed findings and submitting compliance exception to NERC and FERC due to minimal risk
- Internal Compliance Program (ICP) Review (Last completed Feb 2019)
  - Completed ICP document update

# FMMPA Compliance



# FMPA Compliance

---

- SMEs and staff more active in FMPA Compliance
  - Engineering working on procedural development and efficiency improvement
  - Staff assisting with plant outage support
- Plant site visits
  - Visited TCEC & CI: Dynamic Ratings install at TCEC, CI Unit 1 relay upgrade
  - Re-engage with plants post outage for training and compliance update



# Member Support

---

- 2021 SERC Audits
  - Assisting member with program spot check
- Bi-weekly compliance call has increased attendance
  - Continue to see more member engagement
- Compliance Department available for support and help with peer reviews, second looks and compliance questions

# Industry Influence

---

- Active within NERC and trade organizations such as North American Generator Forum, Transmission Access Policy Study Group and American Public Power Association
  - Increased meetings and discussion on NERC cold weather standard
  - Carol Chinn attended NERC's virtual Member Representative Committee and Board of Trustee meetings – NERC policy input & Reliability Committee's risk-based approach
- NERC's Align and SEL release 2021 – Will not impact 2021 audits
  - Secure Evidence Locker (SEL) - Registered Entity Self-Built Locker

# Industry Influence

---

- NERC August BOT and MRC meeting
  - Carol Chinn represents FMMPA and members' interest in the MRC
  - Carol re-elected to Board of Transmission Access Policy Study Group (TAPS)
- Staff engaging with TAPS on cold weather standard development

## **AGENDA ITEM 9 – INFORMATION ITEMS**

### **c) Demand Management Implementation Next Steps**

**Executive Committee  
December 10, 2020**



# **EC 9c – Demand Management Implementation Next Steps**

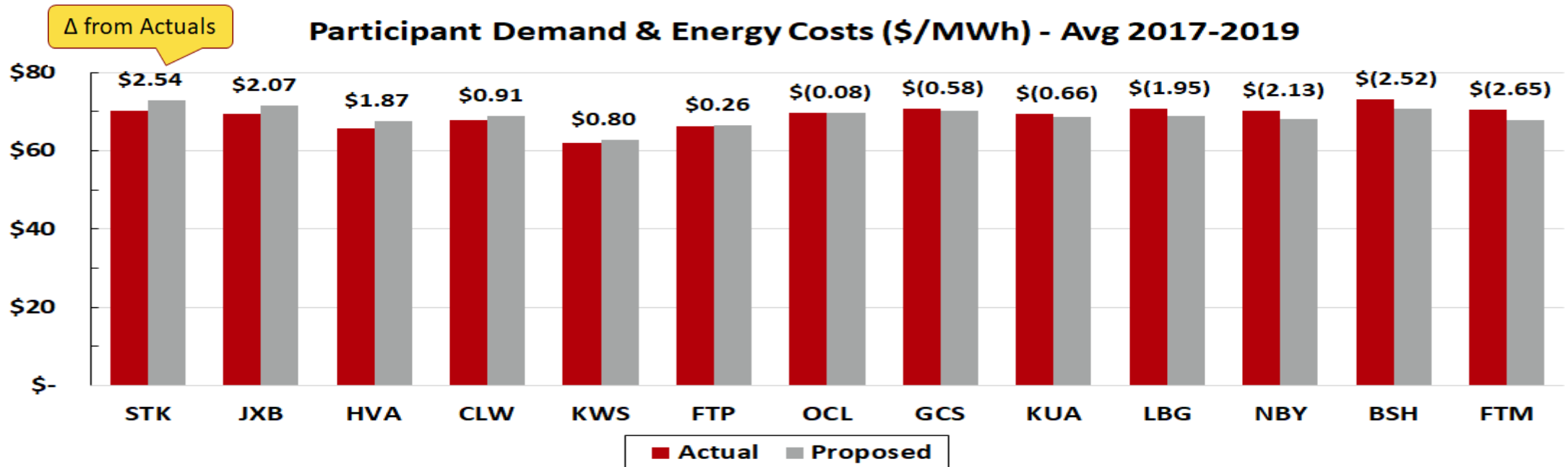
FMIPA Executive Committee

December 10, 2020

# Rate Restructuring to Coincident Peak Approved in June

## *Approach Provides Benefits Including Demand Management*

- ARP's new rates allocates demand costs based on Participants' average coincident peak (CP) demand during June – September over past 3 years
- Helps allow for participant-level demand management activities without concerns about shifting current-month/year costs to others



# Multiple Benefits to New Approach

## *New Rate Provides Certainty and ARP Planning Advantages*

---

- Allows greater certainty for monthly demand billings by setting allocation ratios once per year and fixed for next 12 months
- Minimizes the “weather roulette” that can cause Participants to have abnormally high or low costs in a month due to random weather events
- More closely aligns with how ARP plans its system based on summer coincident peak

# 2014 Peak Shaving Compromise No Longer Required

## *Rate Restructuring Permits Load Management Considerations*

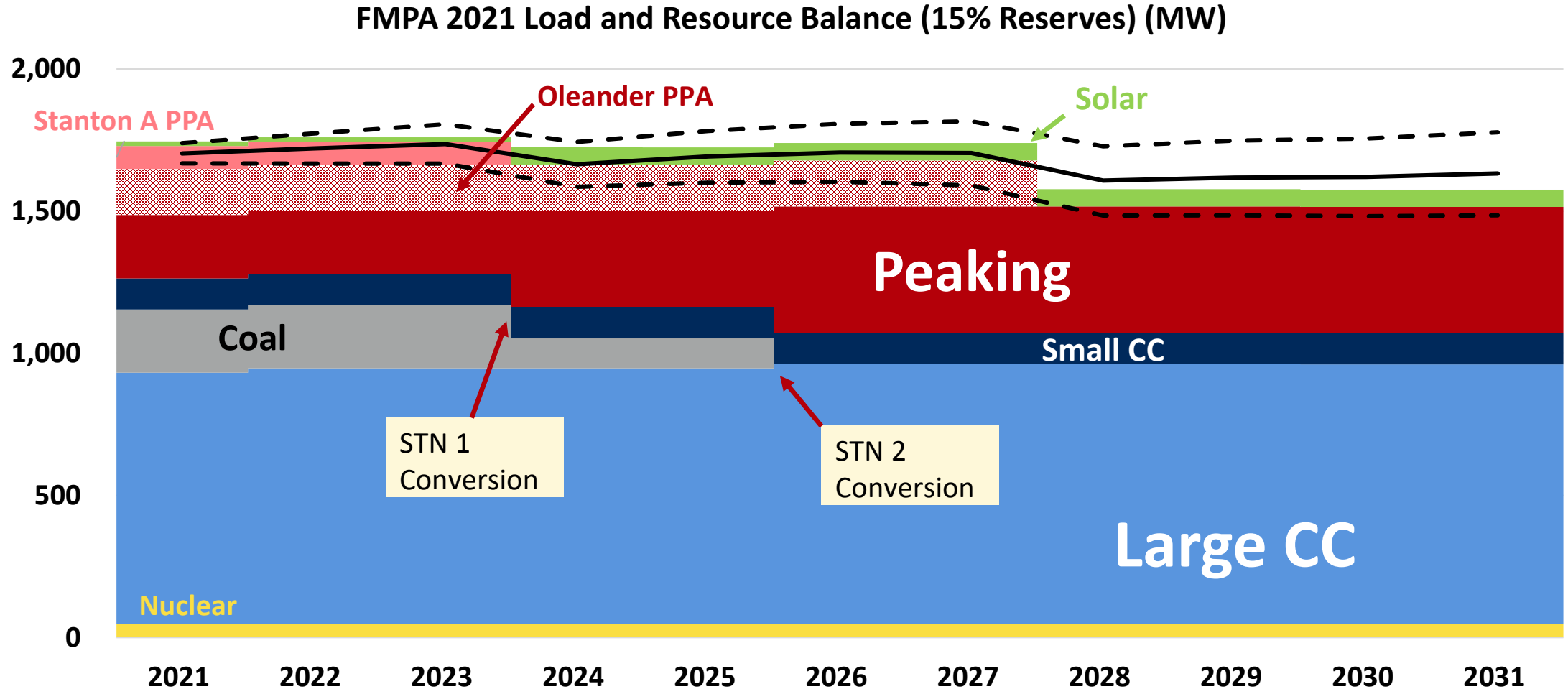
---

- In May 2014, the Executive Committee Approved the Following Compromise:
  - “After September 30, 2014 ARP Participants will not engage in continuous voltage reduction measures or deploy ARP Participant owned emergency generation to intentionally reduce system demand costs. After September 30, 2015 ARP Participants will not deploy customer emergency generation to intentionally reduce the ARP Participant’s system demand costs. After September 30 2014 each ARP Participant must notify FMPPA within 10 days each time any of its electric generators are operated above or beyond routine operational testing. It is not the intent of this proposal to limit any Participant’s management of its retail electric systems in a manner to provide reliable electric service to its retail customers, particularly during responses to emergency events such as hurricanes, tornados, tropical storms or other system destructive events. This includes actions taken for local system reliability or during periods in which the FRCC Reliability Coordinator or the FMPP Balancing Authority or the ARP Participant’s Transmission Operator has declared an Energy Emergency Alert Level 2 (EEA Level 2) as defined in the North American Electric Reliability Corporation Reliability Standard EOP-002-3, Capacity and Energy Emergencies. Nor does this proposal apply to any ARP Participant retail customer that delivers power to the ARP Participant pursuant to a net metering arrangement, as provided for in the ARP net metering program.”
- This compromise needs to be revisited by EC in order to fully implement benefits associated with the new demand rate restructuring.



# All Members Will Benefit By Reducing Coincident Peak

*Reducing Coincident Demand Defers Need for New Capacity Resources\**



# Members and Staff Reviewing ARP Options

## *“Simple” Peak Mitigation Alternatives First Priority*

---

- Readily-available demand management alternatives would be target for near-term implementation at no cost to the ARP
  - Voltage Regulation/Optimization
  - Water Treatment Plant Equipment Curtailment or Optimization
  - Lift station emergency generators
  - Private curtailment with back-up generators
    - Grocery stores, hospitals, schools, etc. (could be coordinated across participants)
  - Other distributed generation
  - Adjusting consumption at other city-owned meters

## **AGENDA ITEM 9 – INFORMATION ITEMS**

### **d) Summary of Finance Committee Items**

**Executive Committee  
December 10, 2020**



# **EC 9d / BOD 9d**

## **Summary of Finance Committee Items**

Board of Directors & Executive Committee  
December 10, 2020

# Other Items

## *January Review/Approval*

---

- Approval of Audited Financial Statements and Reports
- Review of Debt Financing Plan

**AGENDA ITEM 9 – INFORMATION ITEMS**

- e) Review Request for Proposal for Series  
2021A and 2021B**

**Executive Committee  
December 10, 2020**



## **9e – Review Request for Proposal for Series 2021A and 2021B**

Executive Committee

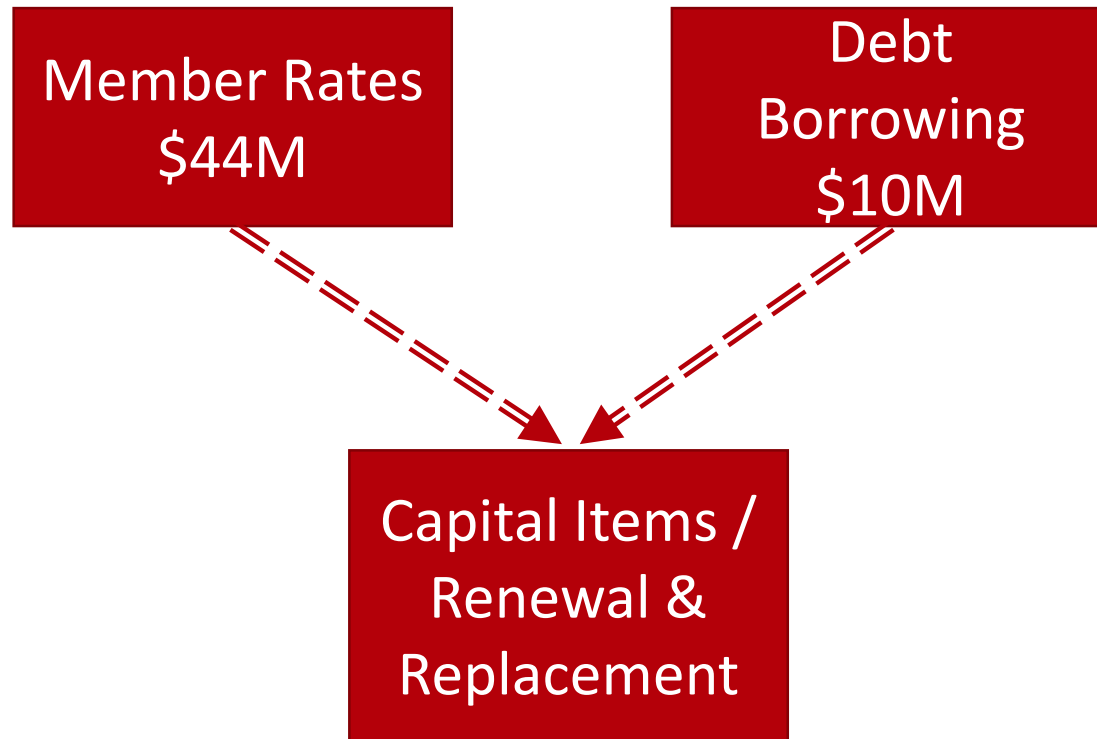
December 10, 2020

# ARP Capital Projects \$54M Over Next Three Years

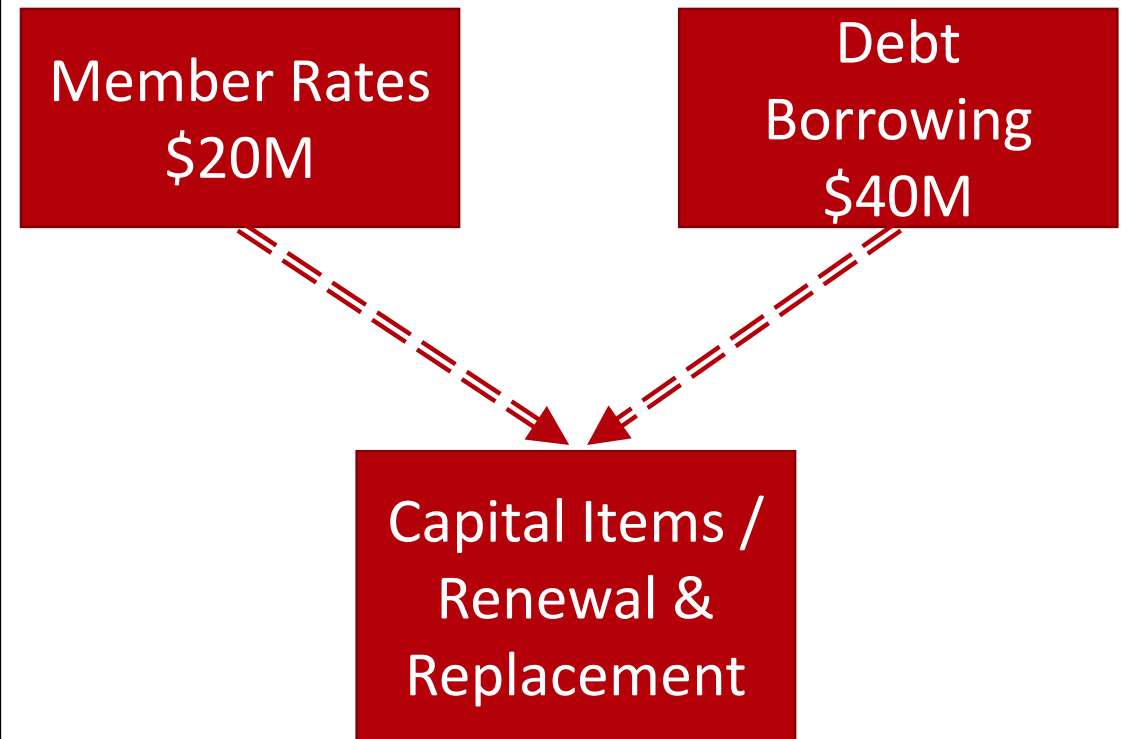
## *Modification to 2021 Budget to Support Strategic Rate Plan*

---

### FY 2021 Budget



### Finance Committee Presented 2021 Debt Financing Plan





# Staff Proposes ~60/40 Split - R&R vs Debt

*Capital Items Borrowed Tax-exempt, Expect Rates Under 2%*

---

- R&R Projects Considered for Borrowing:
  - Treasure Coast Advanced Gas Path parts \$10M
  - Cane Island Unit 3 Rotor and Stator Rewind \$8M
  - Cane Island Unit 1 Overhaul \$2M
  - All Units Balance of Plant equipment \$14M

# Stanton Energy Center Fuel Conversion

*Adding \$6 Million Not Included In Current R&R Plan*

---

- Will Cover Capital Items spent in the next 3 years, such as
  - Gas Pipeline Capacity Expansion
  - Covert the Boiler to Burn Natural Gas
- Estimated Total Borrowing for Fuel Conversion
  - ~\$100M Total Cost
  - ARP Share ~\$25M
  - Estimated Annual Savings \$2.75-\$3.75/MWh

# RFP for \$40M Will Consider Multiple Options

## *Bank Note and/or Bond Issues*

---

- Bank Note Advantages
  - No Official Statements
  - No Rating Agency opinion
  - Less Legal costs
- Bond Issuance Advantages
  - Certainty of Achieving Market Interest Rates
  - Market Maybe More Flexible on Principal Repayment

# New Debt to Extend for 12 Years

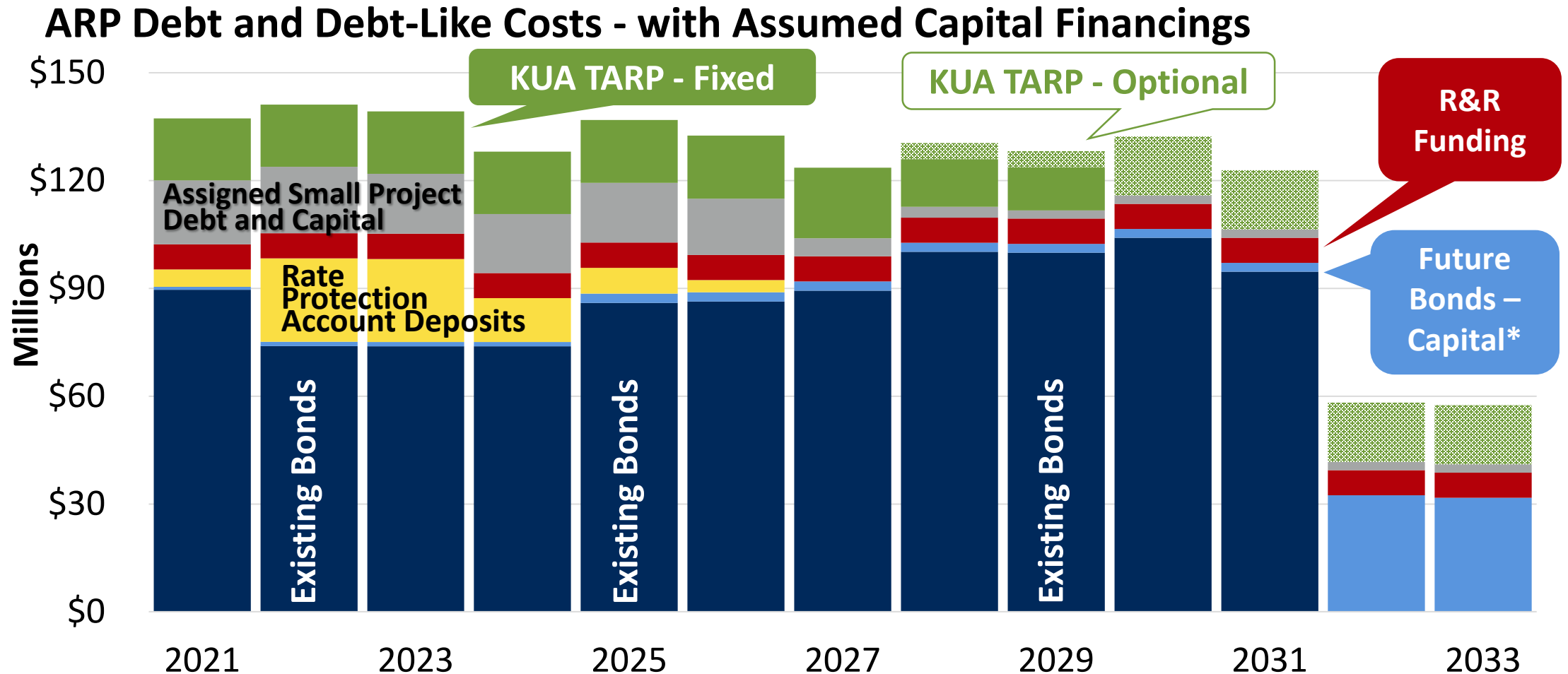
*\$40 Million for Large Combined Cycles and SEC Fuel Conversion*

---

- Existing ARP Debt Matures by 2031
- New debt (issued in 2021) would extend to 2033 or for 12 years
  - Would backend load repayments on these as no current debt past 2031
- Annual rate savings of roughly \$27M or average \$1.13/MWh for 1st four years

# New Debt to Extend for 12 Years

*\$40 Million for Large Combined Cycles and SEC Fuel Conversion*



\* Assumes \$40M financing in 2021 and \$30M financing in 2025 for capital additions

# Taxable Borrowing for \$100 Million of Liquidity

## *Outright Borrowing Funds vs. Line Of Credit Facility*

---

- **Borrow Funds**

- Have Cash On Hand
- No Material Adverse Clause
- Rating Agencies Include in Liquidity Calculation
- Interest Cost with Interest Earnings

- **Line of Credit**

- Ask for Cash When Needed
  - Material Adverse Clause Restriction
- Rating Agencies Do Not Include in Liquidity Calculation
- Monthly Capacity Charge
- Borrowed funds pay variable rate

# Debt Options

## *Rate Impact Comparisons (1)*

Year	Current Rates [2]	Option 1 (New money \$40M; reduce RR by 50%) [3]
2020	\$66.24	\$66.24
2021	\$68.99	\$68.11[4]
2022	\$71.67	\$70.25
2023	\$71.60	\$70.73
2024	\$72.41	\$71.06
2025	\$74.19	\$73.17
2026	\$73.03	\$72.03
2027	\$72.49	\$71.89

[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; \$100M LOC has \$0 net cost.

[4] Rate could change in early calendar year 2021 if approved by the EC.

# Debt Decisions

## *Important for Low-Cost 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 users over a reasonable period
  - Not today's customers paying for assets customers benefit from 10-15 yrs. 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



## **AGENDA ITEM 10 – MEMBER COMMENTS**

**Executive Committee  
December 10, 2020**

**AGENDA ITEM 11 – ADJOURNMENT**

**Executive Committee  
December 10, 2020**