



FINANCE COMMITTEE

AGENDA PACKAGE

September 15, 2021

2:00 p.m.

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

Meeting Number 180 763 6654#

Password 8553

Committee Members

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

Meeting Location

Florida Municipal Power Agency 8553
Commodity Circle Orlando, FL 32819

(407) 355-7767



MEMORANDUM

TO: FMPA Finance Committee
FROM: Linda S. Howard
DATE: September 7, 2021
SUBJECT: FMPA Finance Committee Meeting
September 15, 2021 at 2:00pm

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

DIAL-IN INFORMATION: 877-668-4493 or 650-479-3208, Meeting [180 763 6654#] PASSWORD 8553
(If you have trouble connecting via phone or internet, please call 407-355-7767)

Chairperson Karen Nelson, Presiding

AGENDA

- 1. Call to Order, Roll Call, Declaration of Quorum.....4
- 2. Recognition of Guests.....5
- 3. Public Comment (Individual public comments limited to 3 minutes).....6
- 4. Set Agenda (by vote).....7
- 5. Approval of Minutes
 - a. Approval of Minutes – Finance Committee Minutes – Meeting Held August 18, 2021.....9
- 6. Chairperson’s Remarks.....13
- 7. CFO Report.....15
- 8. Action Items
 - a. Recommended Approval of Resolution for Budget Amendments 2021 B-3 through 2021 B-7.....19

b. Recommended Approval of Resolution for Budget Amendment (ARP) 2021-EC-4.....41

9. Information Items.....42

10. Reports.....49

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12. Adjournment.....51

LSH/bs

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

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

**Finance Committee Meeting
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**AGENDA ITEM 2 – RECOGNITION OF
GUESTS**

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

**Finance Committee Meeting
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**AGENDA ITEM 4 – SET AGENDA (By
Vote)**

**Finance Committee Meeting
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**AGENDA ITEM 5 – APPROVAL OF
MINUTES**

- a. Approval of Minutes – Finance
Committee Minutes – Meeting
Held August 18, 2021**

**Finance Committee Meeting
September 15, 2021**

CLERKS DULY NOTIFIED.....August 10, 2021
AGENDA PACKAGE SENT TO MEMBERS.....August 10, 2021

**MINUTES
FINANCE COMMITTEE MEETING
WEDNESDAY, AUGUST 18, 2021
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL**

**PARTICIPANTS
PRESENT** Howard McKinnon, Havana

**PARTICIPANTS
PRESENT BY
TELEPHONE** Karen Nelson, Jacksonville Beach
Jody Young, Bushnell
Barbara Mika, Fort Pierce
Barbara Quinones, Homestead
Jack Wetzler, Key West
Larry Mattern, Kissimmee
Steve Langley, Mount Dora
Marie Brooks, Ocala
James Braddock, Wauchula

**PARTICIPANTS
ABSENT** Jim Williams, Leesburg
Dallas Lee, Newberry

**OTHERS
PRESENT** Craig Dunlap, Dunlap & Associates, Inc.
Tim Westgate, Purvis Gray
Katherine Eno, Purvis Gray

STAFF PRESENT Jacob Williams, General Manager and CEO
Jody Finklea, General Counsel and CLO
Linda Howard, Chief Financial Officer
Sharon Adams, VP of HR & Shared Services
Danyel Sullivan-Marrero, Controller
Jim Arntz, Assistant Controller
Rich Popp, Treasurer and Risk Director
Gloria Reyes, Assistant Treasurer/Investments
Ed Nunez, Assistant Treasurer/Debt
Steve Ruppel, Senior Financial Analyst
Louis DeSimone, Financial Planning & Rates Analyst II
Liyuan Woerner, Audit Manager
Jason Wolfe, Financial Planning Rates and Budget Director
Sue Utley, Executive Assistant to CEO/Asst. Sec. Bd. Dir.
Ryan Dumas, Senior Public Relations Specialist
Andrei Benjamin, Cloud Systems Administrator

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

Karen Nelson, Jacksonville Beach, called the FMPA Finance Committee Meeting to order at 2:00 pm on Wednesday, August 18, 2021. A speaker telephone was present for public attendance and participation in the Fredrick M. Bryant Board Room, at FMPA, 8553 Commodity Circle, Orlando, Florida. The roll was taken, and a quorum was declared, with 9 of 12 members present.

ITEM 2 – RECOGNITION OF GUESTS

None

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

None

ITEM 4 – SET AGENDA (BY VOTE)

MOTION: Barbara Quinones, Homestead, moved approval of the agenda as presented. Jody Young, Bushnell, seconded the motion. Motion carried 9-0.

ITEM 5 – APPROVAL OF THE MINUTES

a. Approval of Minutes – Finance Committee Minutes – Meetings Held June 3 and June 9, 2021

MOTION: Howard McKinnon, Havana, moved the approval of the minutes presented for the meetings held June 3 and June 9, 2021. Barbara Quinones, Homestead, seconded the motion. Motion carried 9-0.

ITEM 6 – CHAIRPERSON'S REMARKS

Karen hopes to be in person next month and thanked the committee for their commitment.

ITEM 7 – CFO REPORT

Linda Howard presented on the following items

1. St. Lucie debt transaction
 - a. Expected ratings were received
 - b. Challenge with negative outlook from Fitch. FMPA is working with Lake Worth Beach on Fitch's concerns.
2. Gas prices on the rise. Jacob will discuss more at the Board meeting
3. Several policies at the upcoming meetings
4. Internal audit working on St. Lucie audit, will report back in the fall
5. Procurement training for staff will take place in August as a follow-up to our earlier discussions

ITEM 8 – ACTION ITEMS

a. Approval of Appendix C Investment Policy

Rich Popp presented on the approval of Approval of Appendix C Investment Policy

MOTION: Howard McKinnon, Havana, moved the approval of the recommended changes as presented to the Investment Risk Management Policy and recommend approval to the Board of Directors and Executive Committee. Jack Wetzler, Key West, seconded the motion. Motion carried 9-0.

b. Approval of Appendix F Contract Management Policy

Rich Popp presented on the Approval of Appendix F Contract Management Policy

MOTION: Howard McKinnon, Havana, moved the approval of the recommended changes as presented to the Contract Management Risk Management Policy. Barbara Quinones, Homestead, seconded the motion. Motion carried 9-0.

c. Approval of Appendix J Accounting and Internal Controls Policy

Rich Popp presented on the Approval of Appendix J Accounting and Internal Controls Policy

MOTION: Jack Wetzler, Key West, moved the approval of the recommended changes as presented to the Accounting and Internal Controls Risk Management Policy. Larry Mattern, Kissimmee, seconded the motion. Motion carried 9-0.

ITEM 9 – INFORMATION ITEMS

a. FY 2021 Interim Audit Update

Danyel Sullivan-Marrero presented on the interim audit. The interim audit is using a new software called Suralink. The external auditors met with 12 members of management and sampled the 1st 9 months of the year for payroll and accounts payable. There were no findings or comments, so everything went very smoothly. Danyel was talking about the depreciable lives and pointed out that we have excluded Stanton I since it is being closed. Tim Westgate and Katherine Eno went over the interim Purvis Gray Report.

b. Review of Risk Policy Compliance Reports

Liyuan Woerner presented on the risk policies reviewed this month. There is one recommended change for the investment policy as earlier presented by Rich Popp about the diversification. There were no changes for the accounting and internal controls or the contract management policies. Based on our review, there was one exception noted for the contract management policy, regarding the contract authorization without proper approval. We are going to do more procurement training for staff as Linda mentioned earlier and strengthen the process by continuing to monitor the staff and make sure that they are following the policy. Howard asked about the sample size for the accounts payable interim audit. The sample size was 40 and Purvis Gray confirmed that that is an acceptable and normal audit size. If there were issues with that size, they would expand the size, but with

no findings in the 40 examples that were provided, there was no need to expand.

c. Review of AP Audit Report

Liyuan Woerner presented on the results of the audit. There were no exceptions noted and this year we noted a great improvement of the accounts payable process and control, specifically regarding the time of the invoice submission and approval. At this time, there are no recommendations.

d. FY 2021 Budget Status and Anticipated Budget Amendments

Jason Wolfe presented on the budget status. Agency and the two solar projects look good and we don't see a need for amendments for these budgets. Tri-City and St. Lucie could go either way, so they are being watched. We are confident that we will need budget increases for ARP, Stanton and Stanton II. Gas prices have been rising and have increased above the levels that we budgeted. That being said, while the total expenses are above budget, sales have also been above budget and have driven the rate per/MWh down and are running about 6% below budget through June. Year to date through June, we are at about 75% of the budget rather than the year -to- date target of 72%. Fuel and purchased energy are about \$27 million above budget. Jason extrapolated where each project is and our forecast says that we will need an additional \$22 to \$45 million approved for the budget amendments. Staff intends to seek September FC approval of budget amendments for spending authority increases for ARP (for final approval by EC) and Stanton, Tri-City, Stanton II, and Pooled Loan Projects (for final approval by BOD).

ITEM 10 – REPORTS

None

ITEM 11 – COMMENTS

None

ITEM 12 – ADJOURNMENT

There being no further business, the meeting was adjourned at 3:02 pm.

Approved: _____ Date _____ KN/bs

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

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AGENDA ITEM 7 – CFO REPORT

**Finance Committee Meeting
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7 - CFO Report

Finance Committee

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St. Lucie 2021 A/B Bond Refunding

- 2021A bonds will refund \$24.3 million 2011B bonds on Oct. 1, 2021, (cash contributed from debt service and debt service reserve \$6.5 million), with NPV savings of 10.424%
- 2021B (forward delivery) bonds will refund \$58.8 million 2012A bonds on Oct. 1, 2022, (cash contributed from debt service, debt service reserve and general reserve \$20 million), with NPV savings of 11.834%
- Debt finance team

Other Items of Note

- Procurement focus
 - Training
 - Internal audit underway
- Budget amendments
- Several policies at the upcoming meetings

AGENDA ITEM 8 – ACTION ITEMS

- a. Recommended Approval of
Resolution for Budget
Amendments 2021 B-3 through
2021 B-7**

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8a – Recommended Approval of Budget Amendment Resolutions for Small Projects

Finance Committee

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FY 2021 Budget Increases Requested for Small Projects

- Stanton, Tri-City, and Stanton II increases driven by fuel expense above budget due to generation above budget
- St. Lucie remains below budget but will be near approved spending authority with September refueling outage
- Pooled Loan Project needs spending authority increase due to need to book Stanton II loan principal and interest costs as an expense
- These additional funds ensure that FMPA has sufficient spending authority to pay Project expenses
- Additional requested funds do not impact demand or transmission billings to Participants; energy billings reflect actual expenses



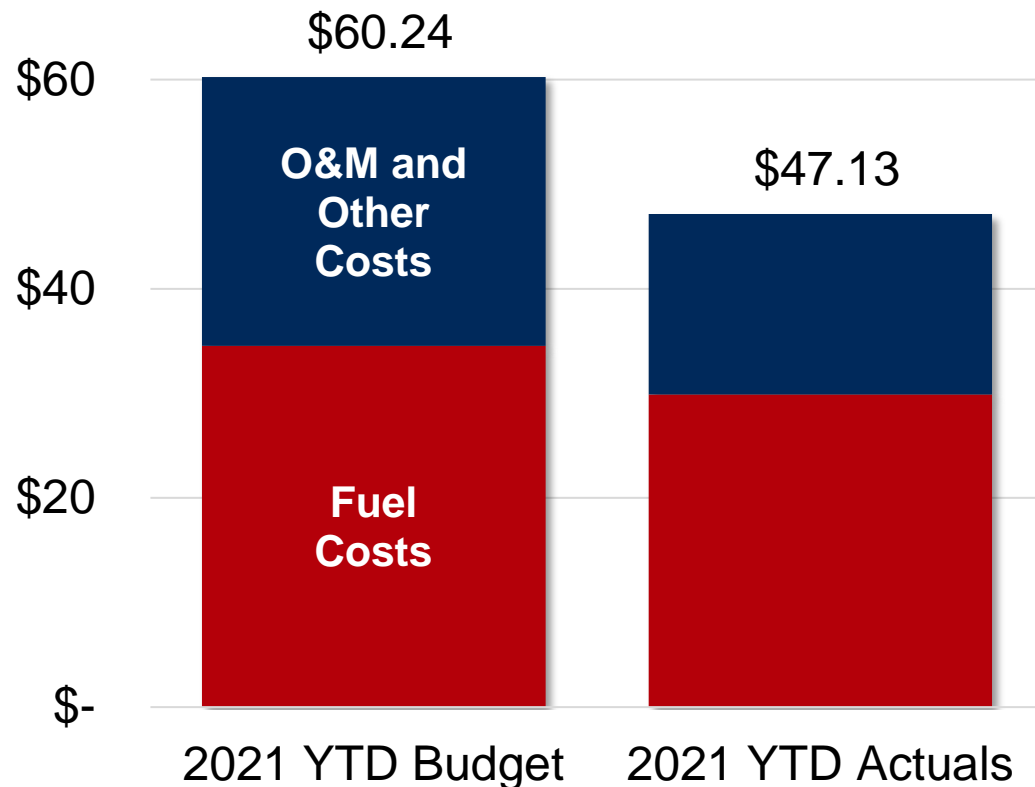
Stanton Project



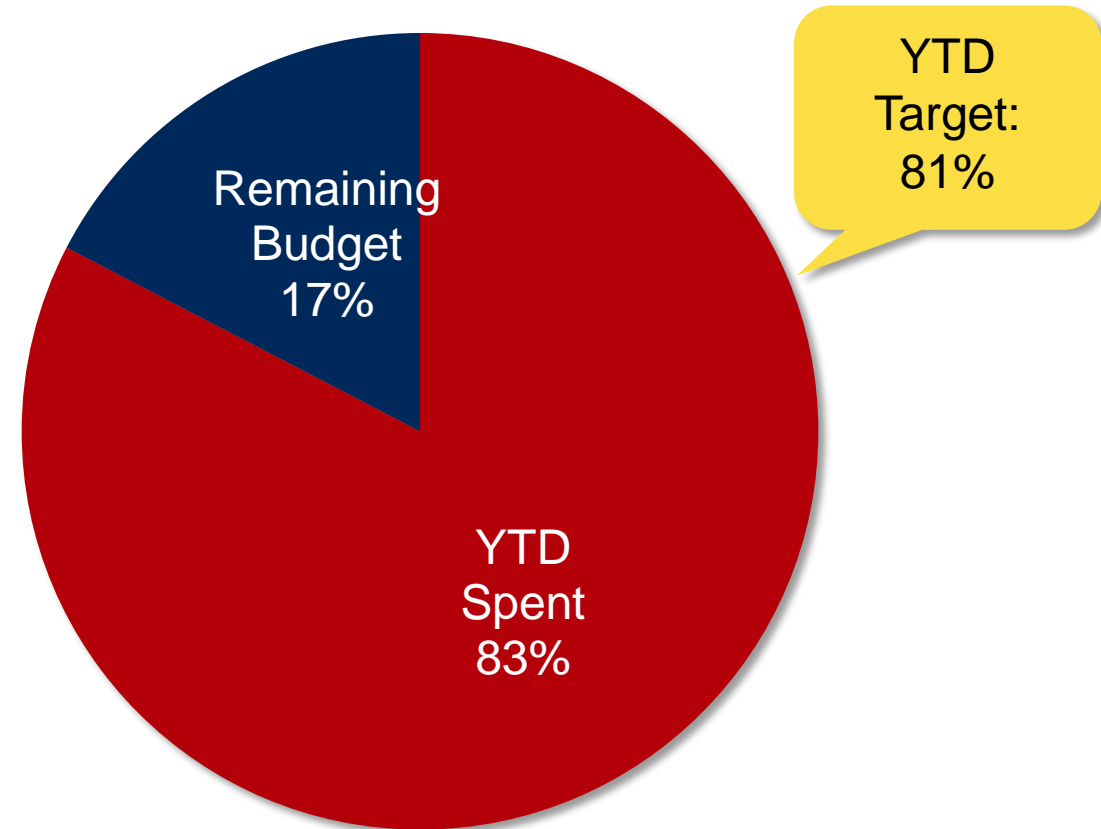
Stanton YTD Part. Costs ~\$13/MWh (22%) < Budget

Sales 37% > Budget Lower \$/MWh Costs but Drive Higher Spending

Billed Participant Costs (\$/MWh)



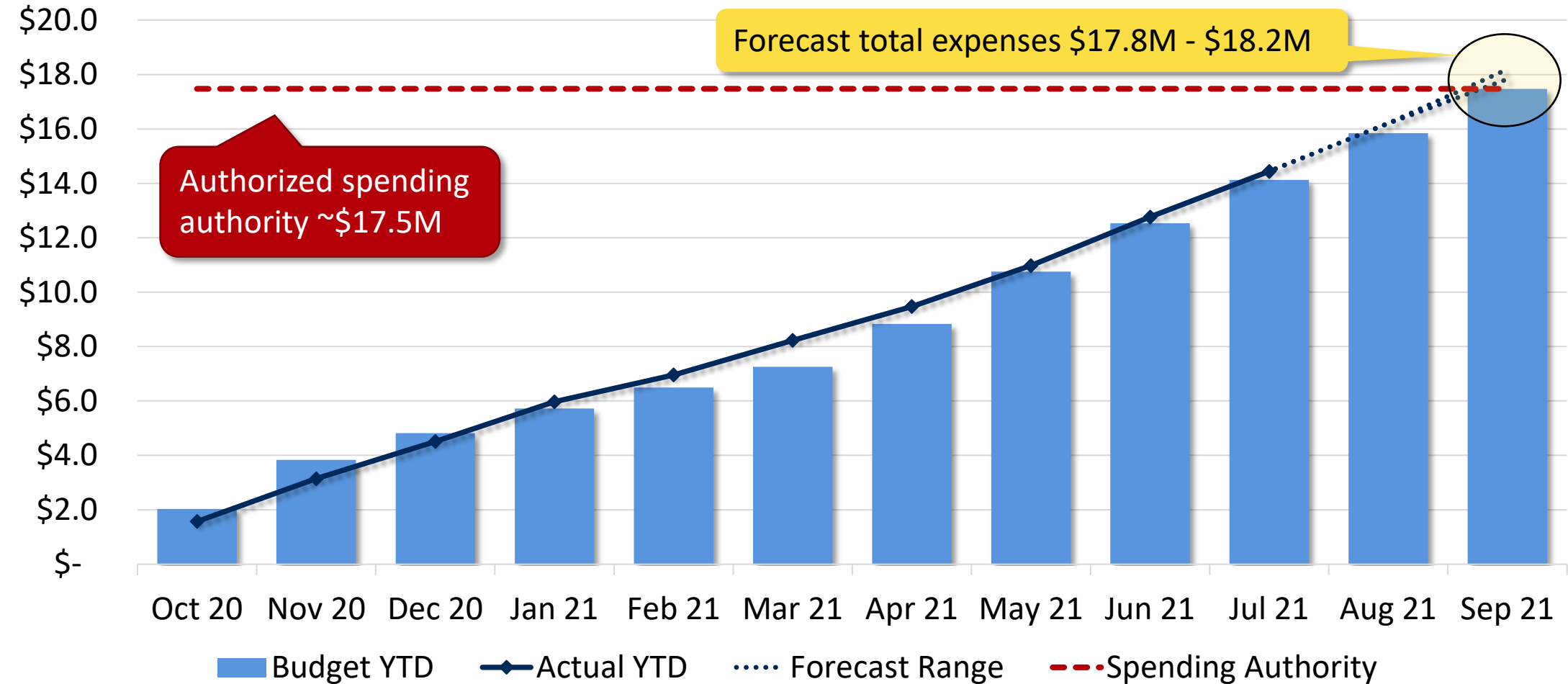
Stanton Project Budget Status



Results shown through July 2021

Stanton Project Forecasted \$0.3M - \$0.7M > Budget

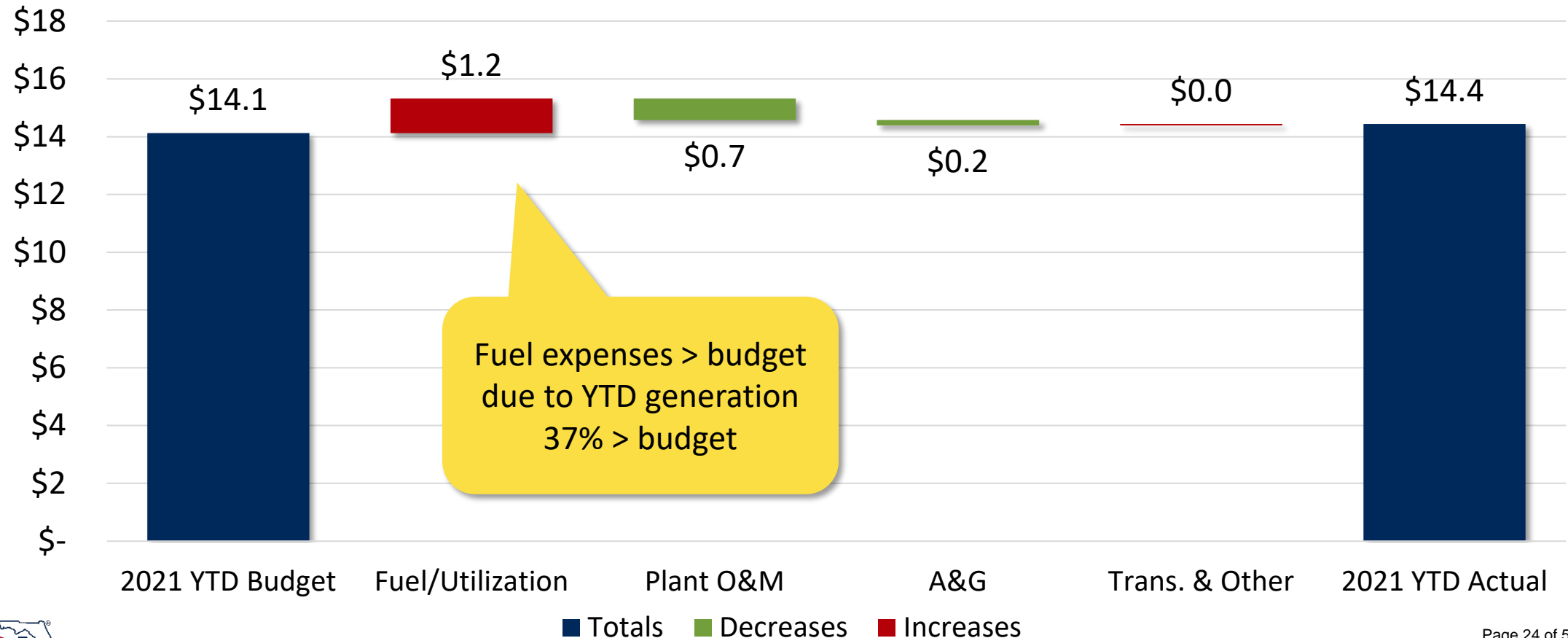
Stanton Project FY 2021 Cumulative Budget vs. Actual Expenses (\$Millions)



Stanton Project \$0.3M > Budget through July

Fuel Expense > Budget Offsets O&M and Other Cost Savings

Stanton Project FY 2021 YTD Budget vs. Actual Expenses through July (\$Millions)



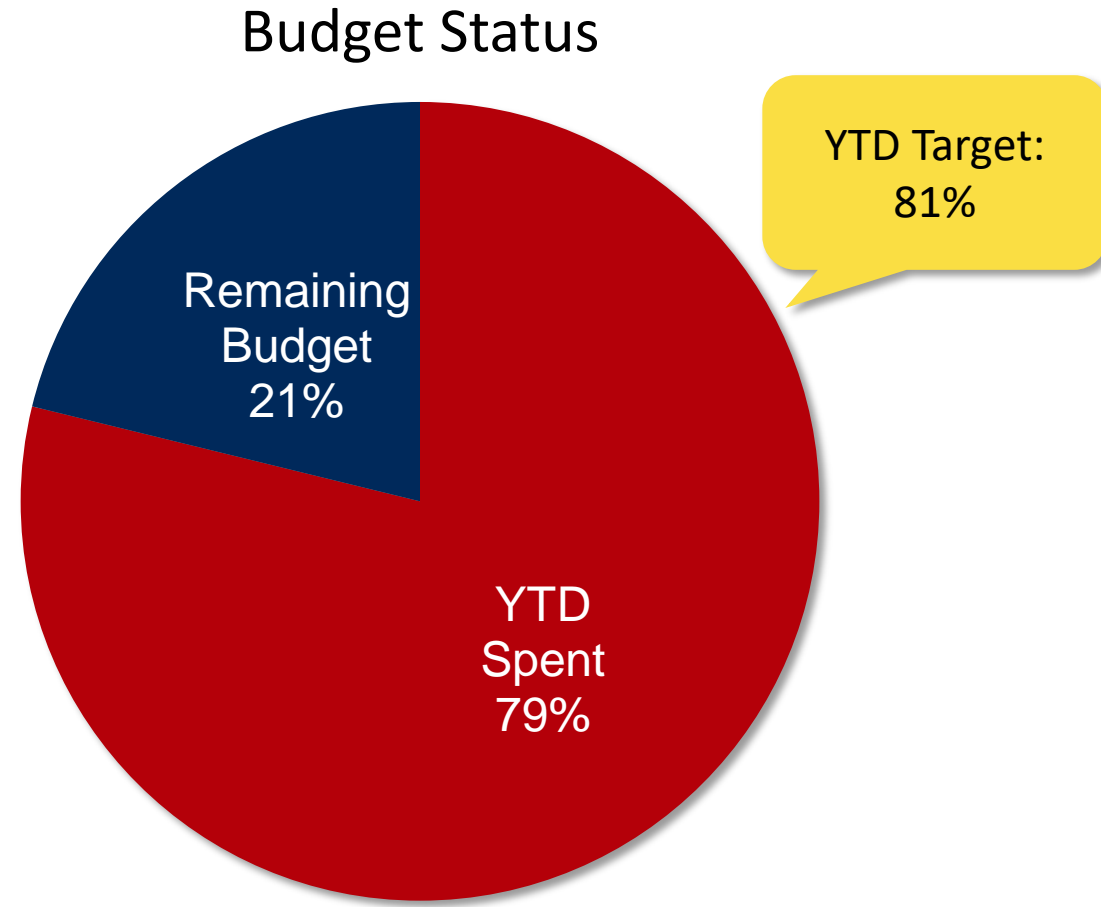
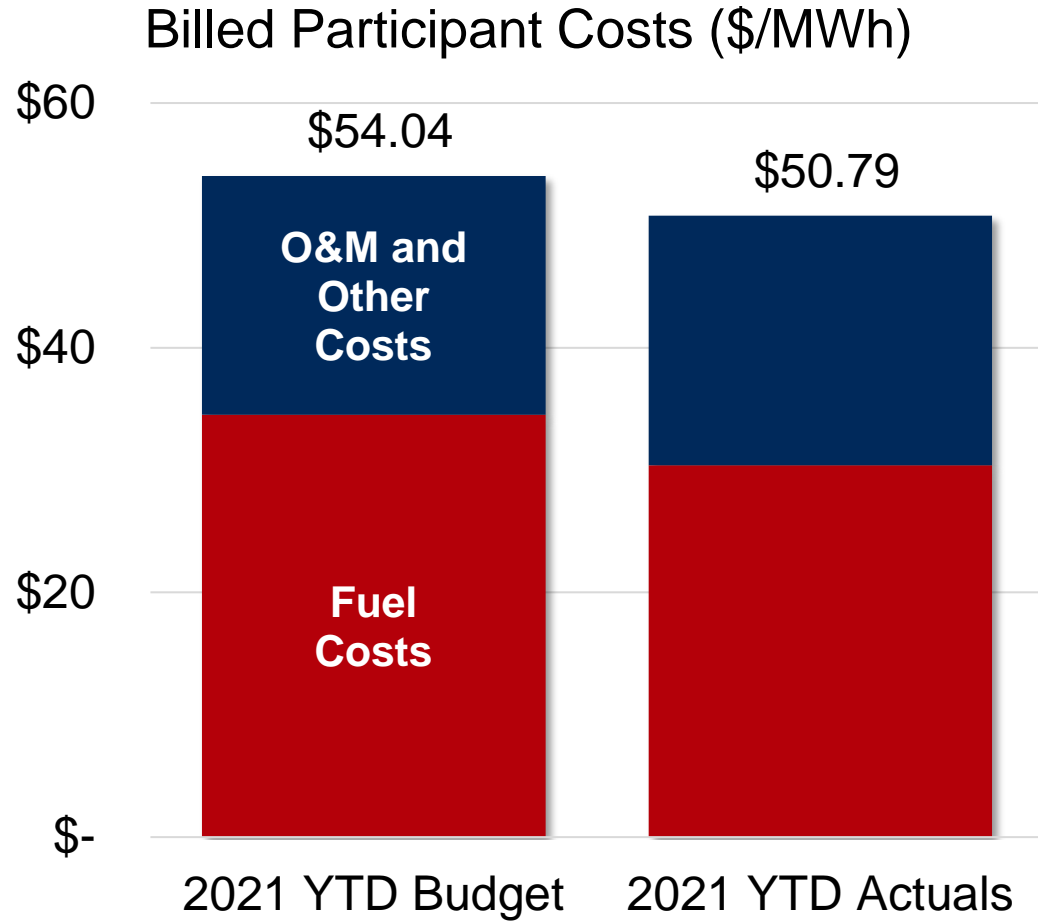


Tri-City Project



Tri-City YTD Part. Costs ~\$3.25/MWh (6%) < Budget

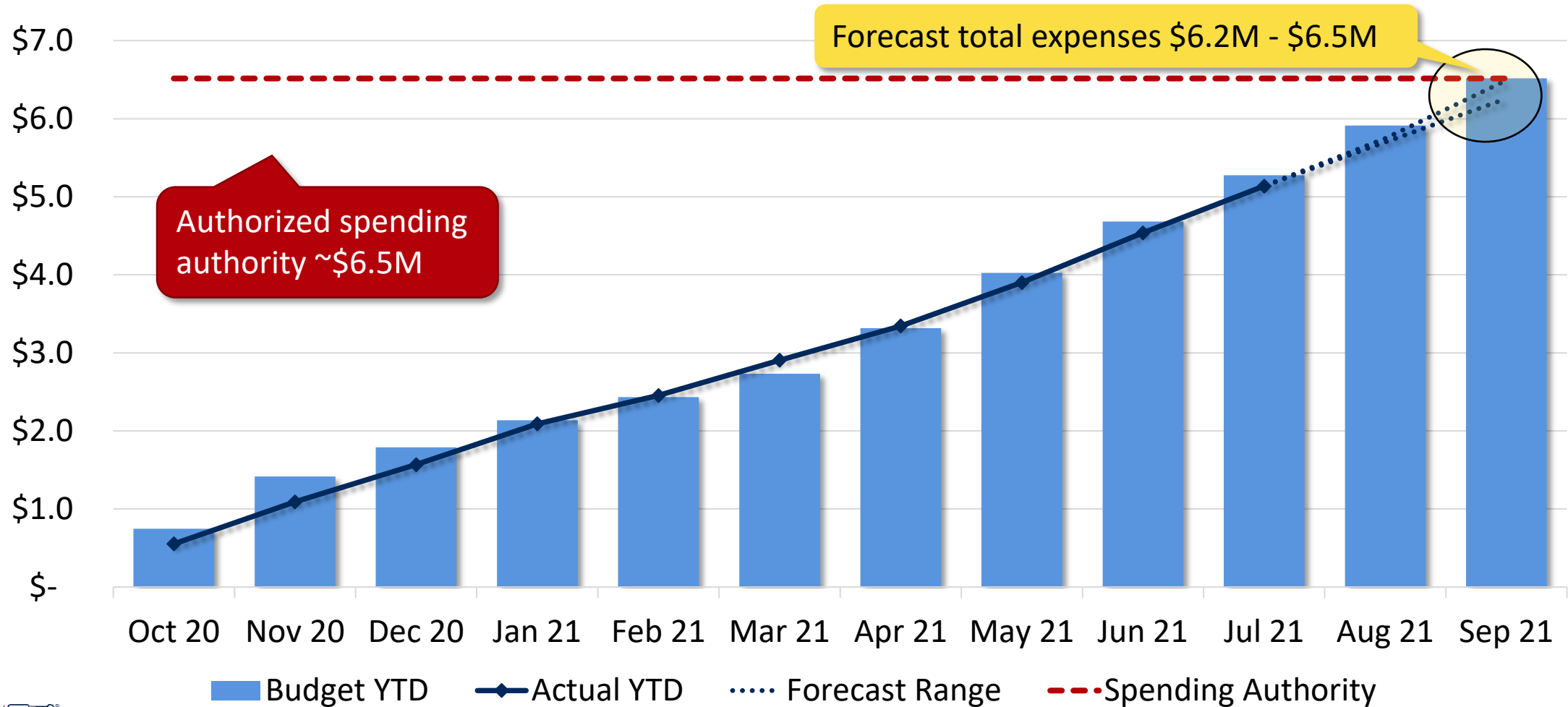
Sales 22% > Budget Driver Lower \$/MWh Costs



Results shown through July 2021

Tri-City Project Forecasted \$0.3M < Budget to ~ Budget

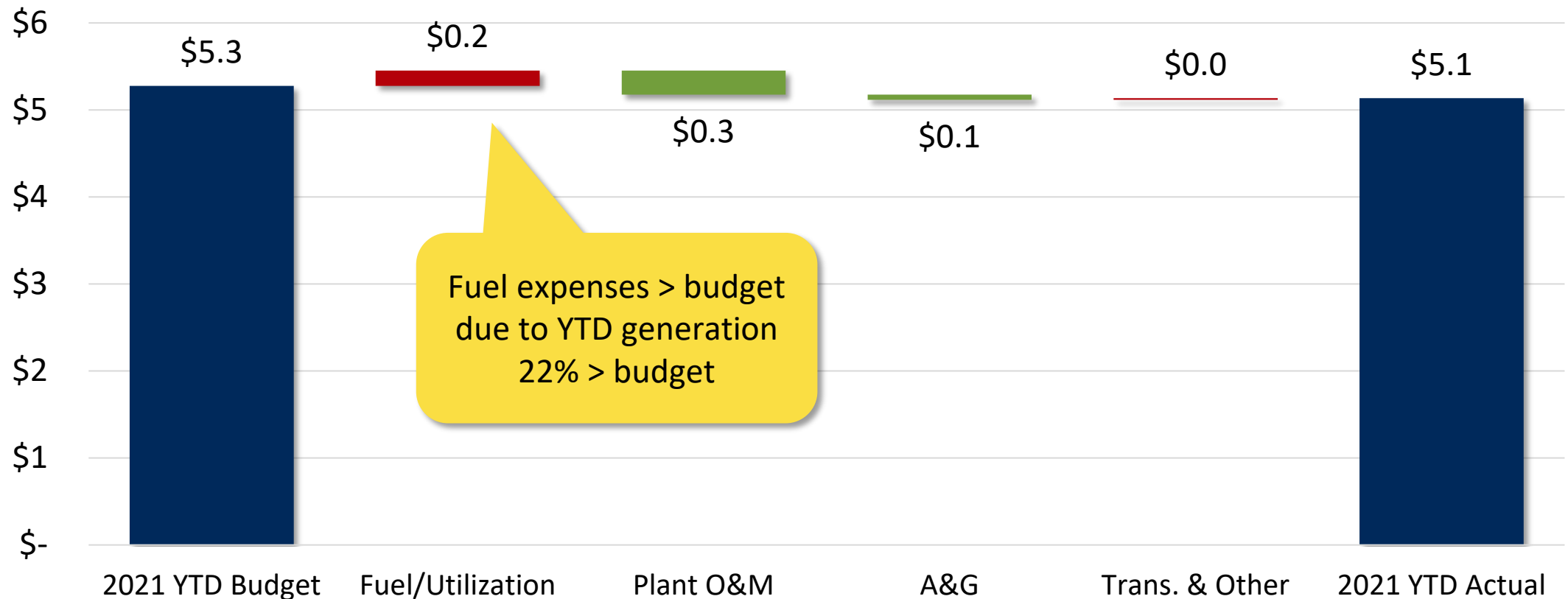
Tri-City Project FY 2021 Cumulative Budget vs. Actual Expenses (\$Millions)



Tri-City Project \$0.2M (4%) < Budget through July

Fuel Expense > Budget Offsets O&M and Other Cost Savings

Tri-City Project FY 2021 YTD Budget vs. Actual Expenses through July (\$Millions)



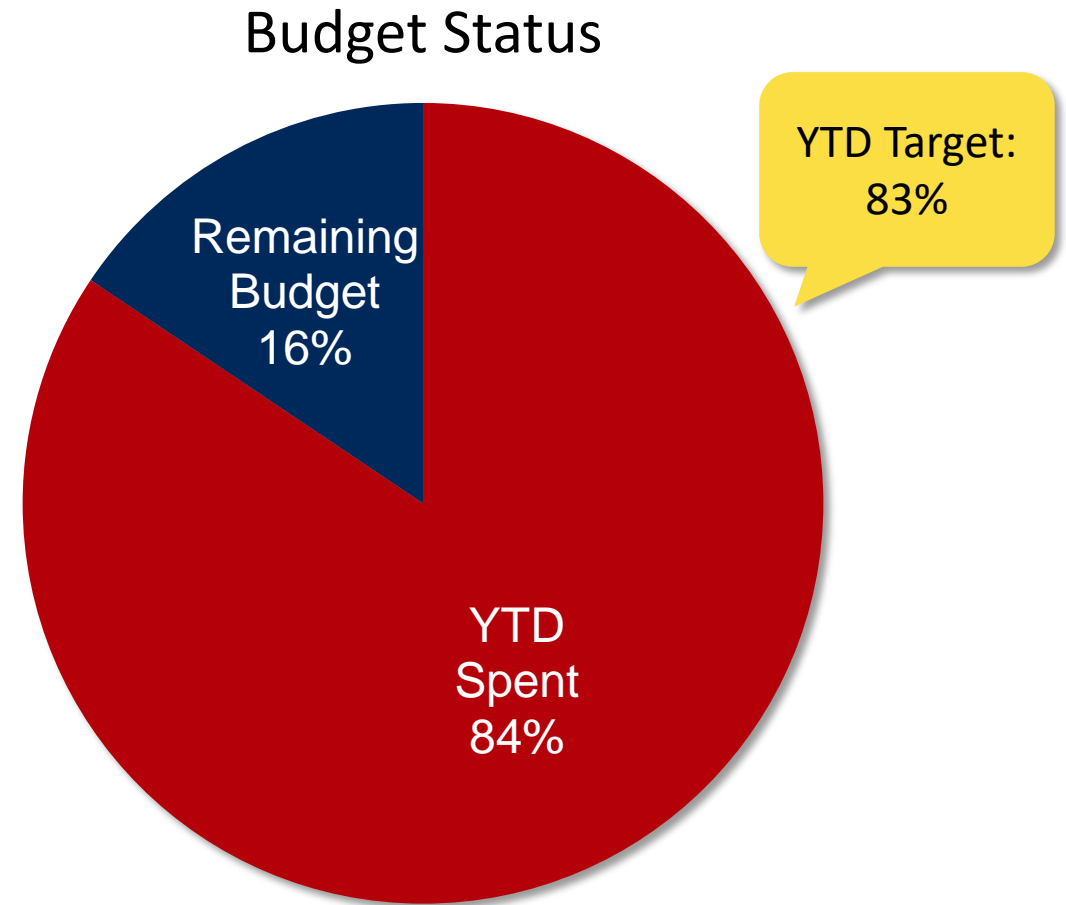
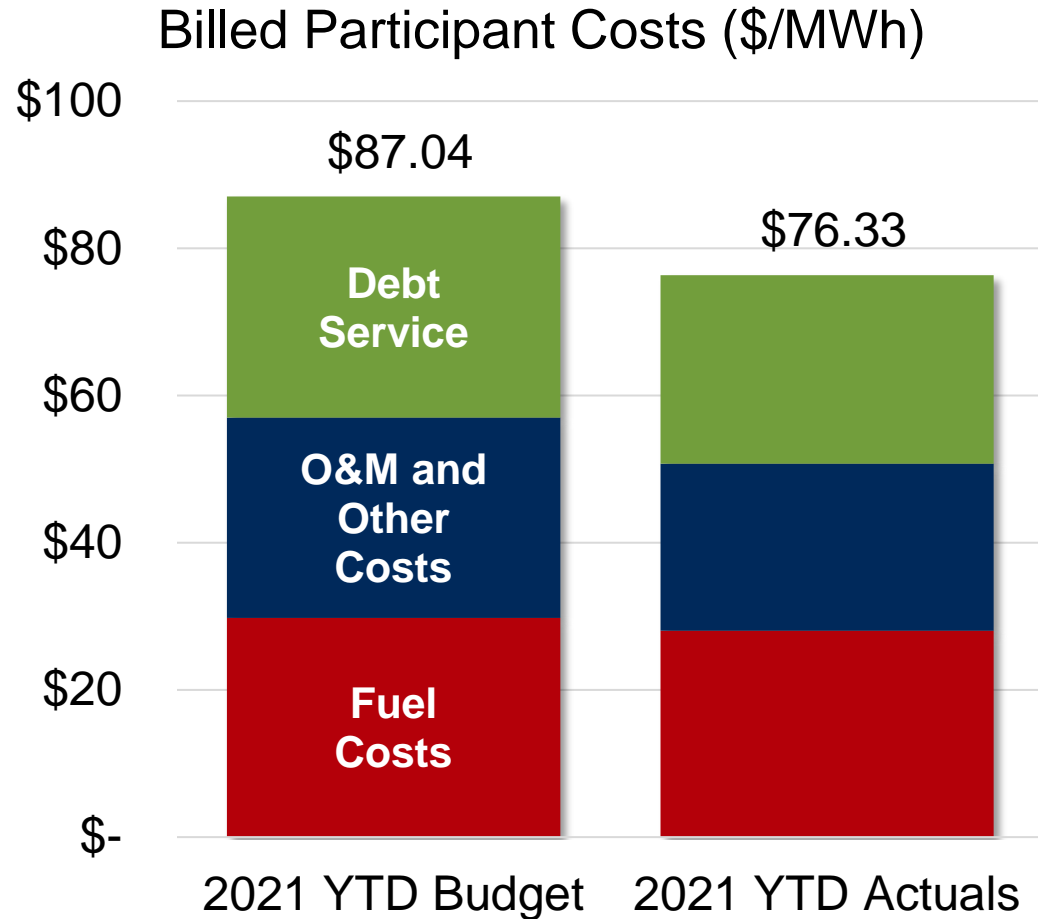


Stanton II Project



YTD Stanton II Participant Costs ~\$11/MWh < Target

Sales ~17% > Budget Lower \$/MWh Costs but Drive Higher Spending

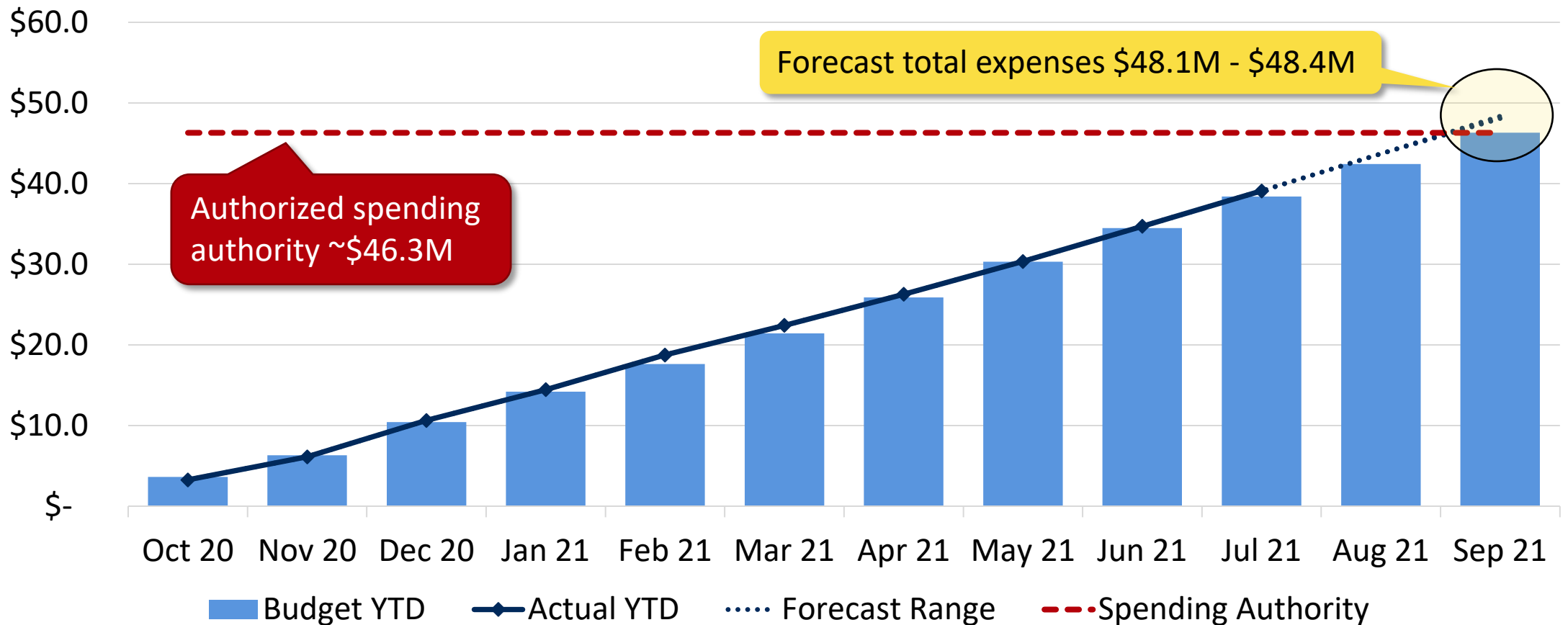


Results shown through July 2021

Stanton II Project Forecasted ~\$2.0M > Budget

Driven by Actual & Projected Generation > Budget

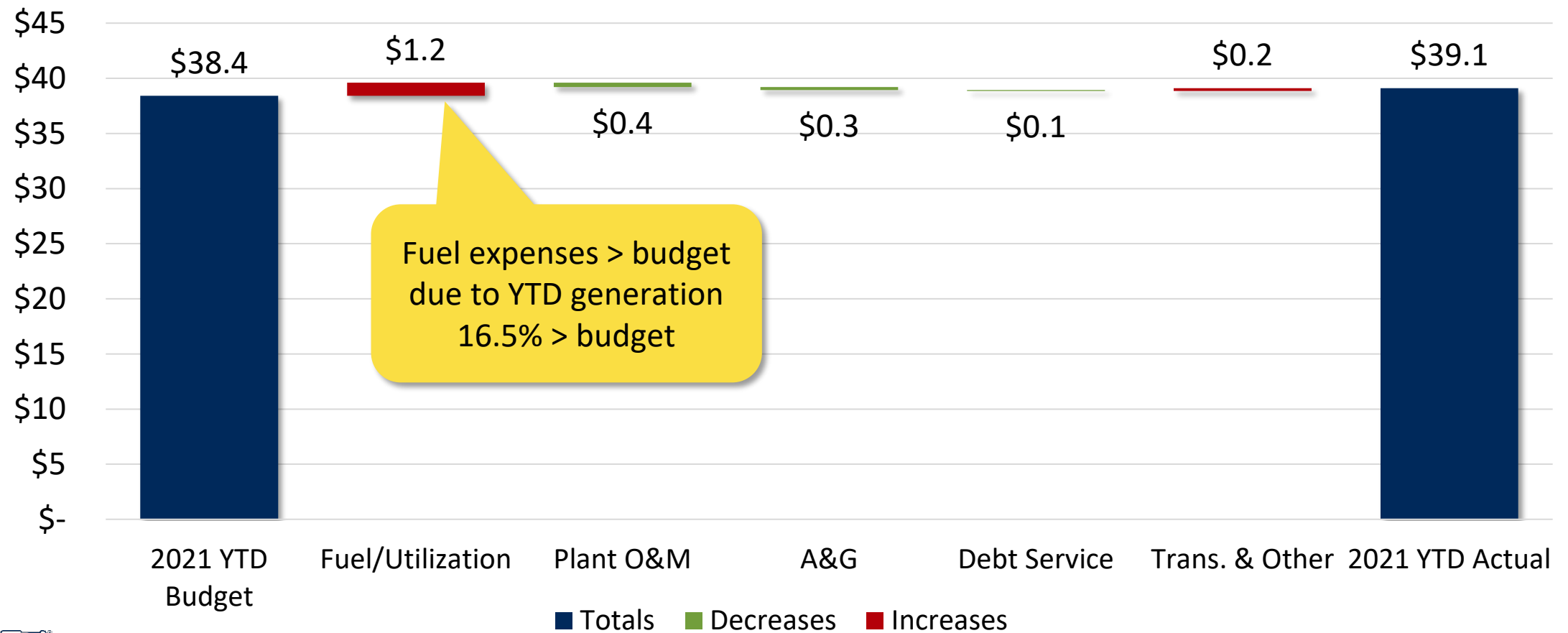
Stanton II Project FY 2021 Cumulative Budget vs. Actual Expenses (\$Millions)



Stanton II Project \$0.7M > Budget through July

Fuel Expense > Budget Offsets O&M and Other Cost Savings

Stanton II Project FY 2021 YTD Budget vs. Actual Expenses through July (\$Millions)



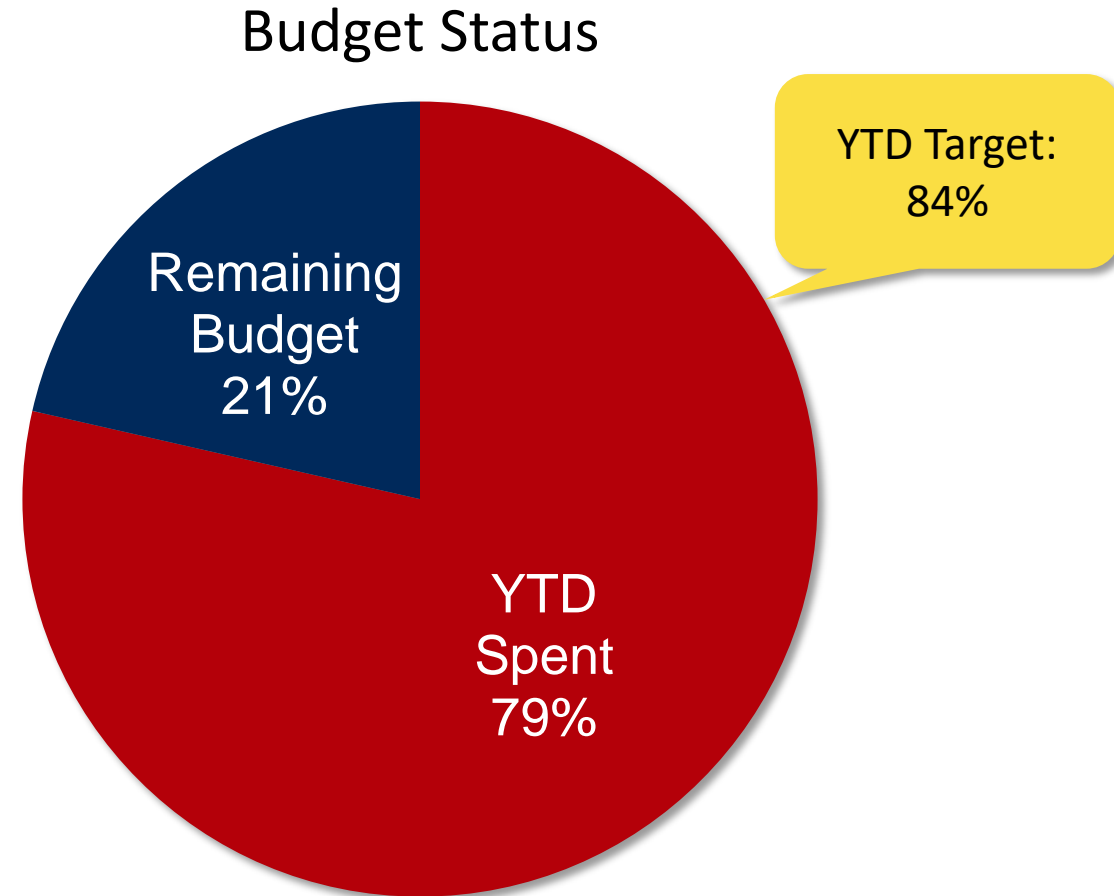
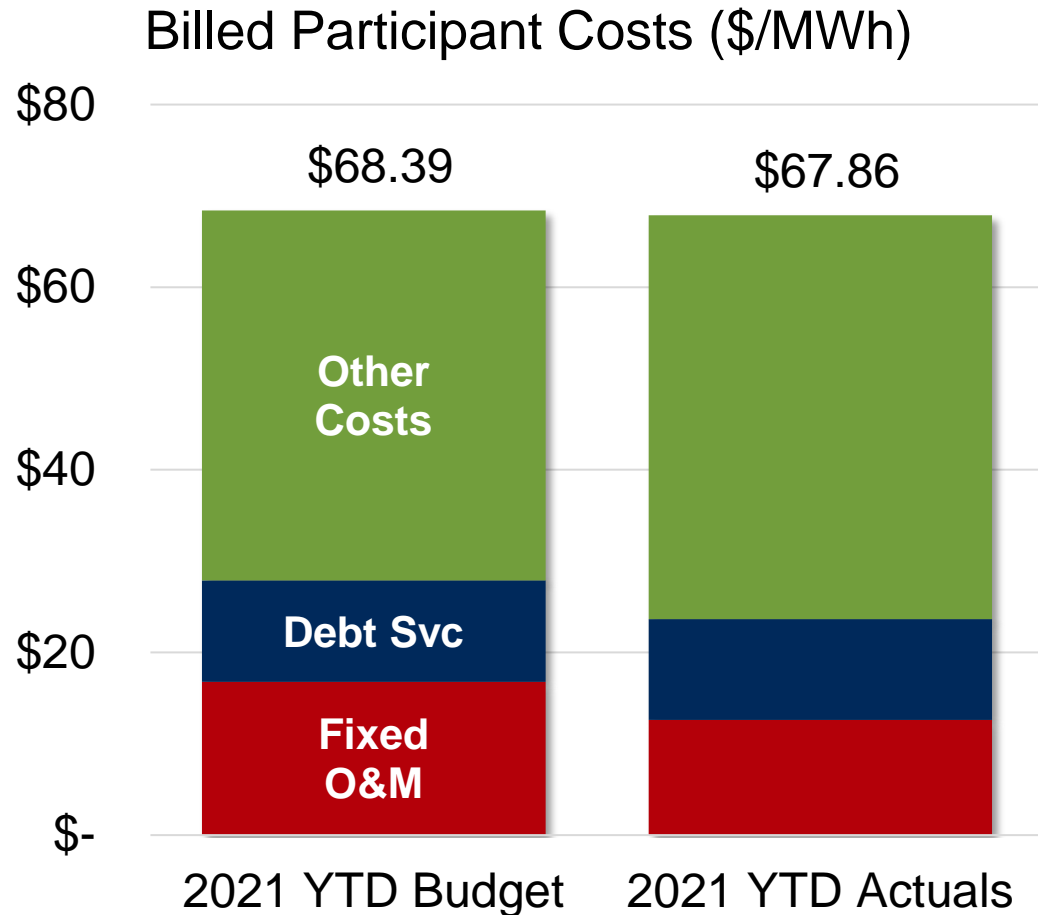


St. Lucie Project



St. Lucie YTD Participant Costs ~\$0.50/MWh < Budget

O&M Costs Higher in September with Refueling Outage



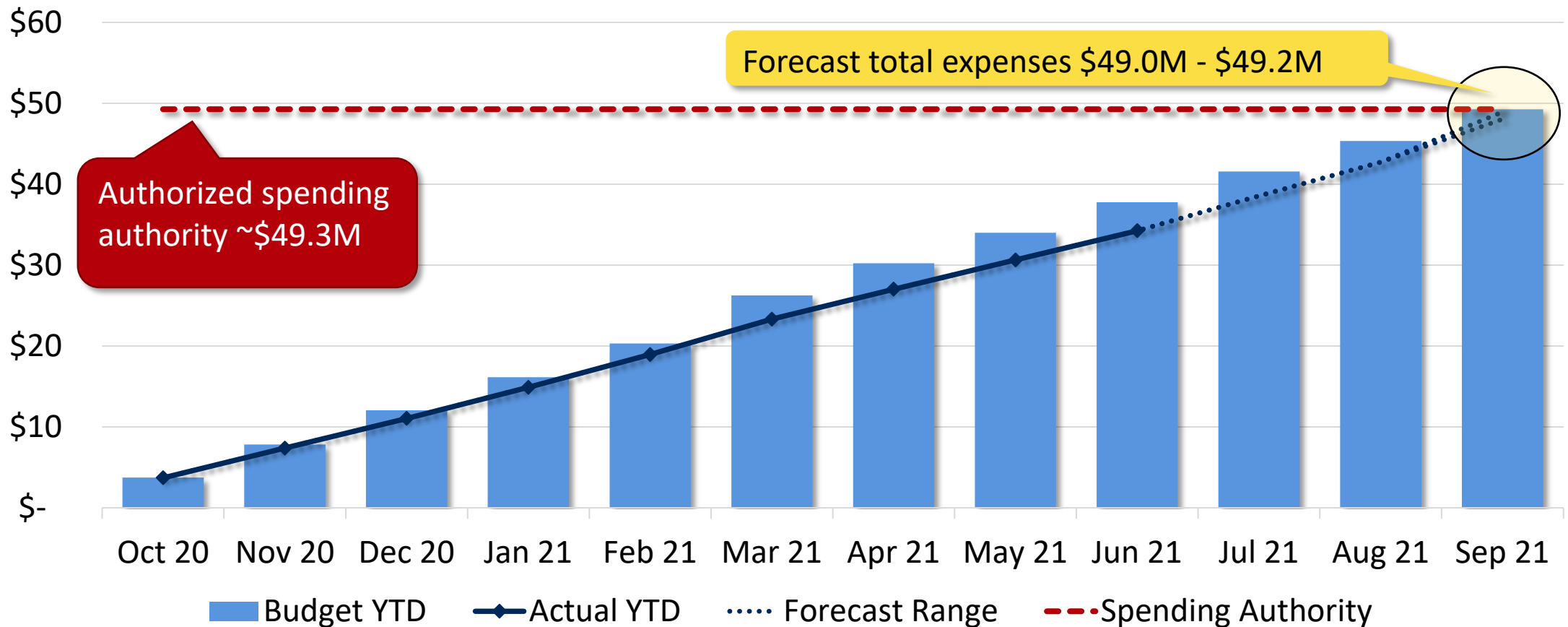
Note: "Other Costs" Include Deposits to General Reserve Fund to Pay Future Debt Costs

Results shown through July 2021

St. Lucie Forecasted at Budget

September Outage Costs Bring Total Costs Close to Budget

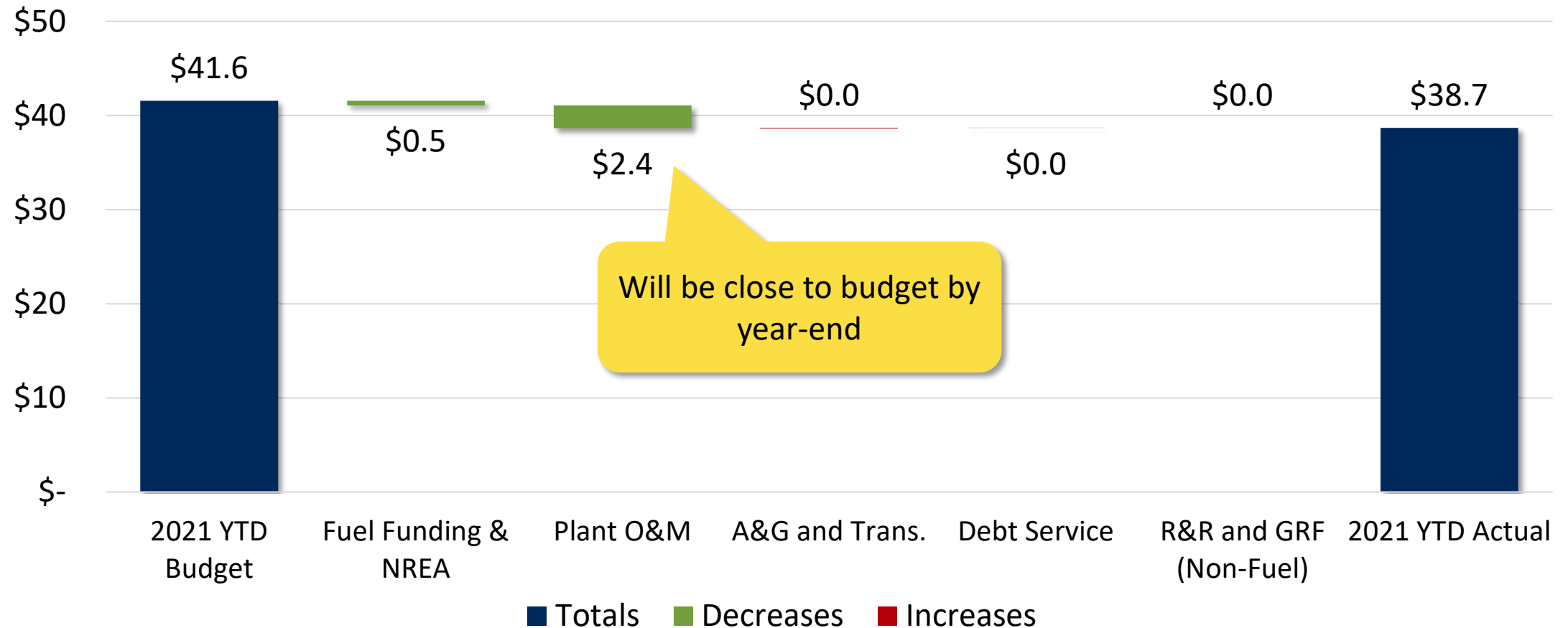
St. Lucie Project FY 2021 Cumulative Budget vs. Actual Expenses (\$Millions)



St. Lucie Expenses Currently \$3M Below Budget

Refueling Outage Costs Will Bring O&M Expenses Near Budget

St. Lucie Project FY 2021 YTD Budget vs. Actual Expenses through July (\$Millions)





Pooled Loan Project



Budget Increase Needed for Pooled Loan Project

Need to Capture Debt Service Payments for Stanton II Pooled Loan

- In FY 2020, a pooled loan was issued to the Stanton II Project to refinance existing debt
- Under GASB rules, this must be treated as a conduit loan for the Pooled Loan Project, as both Projects are part of FMPA
 - Stanton II pays Pooled Loan Project, which then pays the bank
- Pooled loan principal and interest paid by Stanton II must also be captured as an expense of the Pooled Loan Project
- Additional spending authority of \$650,000 requested to account for these costs; no financial impact to Project or members

Small Projects Budget Amendments for FY 2021

Project	Current Approved Spending Authority	Additional Spending Authority Requested	Revised Spending Authority
Stanton Project	\$17,474,000	\$2,000,000	\$19,474,000
Tri-City Project	\$6,518,000	\$1,000,000	\$7,518,000
Stanton II Project	\$46,316,000	\$4,000,000	\$50,316,000
St. Lucie Project	\$49,254,000	\$1,000,000	\$50,254,000
Pooled Loan Project	37,795	\$650,000	\$687,795

Recommended Motion

- Move approval of recommendation of the following resolutions to the Board of Directors:
 - Resolution 2021-B3 for approval to increase the FY 2021 Stanton Project budget spending authority by \$2 million.
 - Resolution 2021-B4 for approval to increase the FY 2021 Tri-City Project budget spending authority by \$1 million.
 - Resolution 2021-B5 for approval to increase the FY 2021 Stanton II Project budget spending authority by \$4 million.
 - Resolution 2021-B6 for approval to increase the FY 2021 St. Lucie Project budget spending authority by \$1 million.
 - Resolution 2021-B7 for approval to increase the FY 2021 Pooled Loan Project budget spending authority by \$650,000.

AGENDA ITEM 8 – ACTION ITEMS

- b. Recommended Approval of
Resolution for Budget
Amendment (ARP) 2021-EC-4**

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8b – Recommended Approval of Budget Amendment Resolution for ARP

Finance Committee

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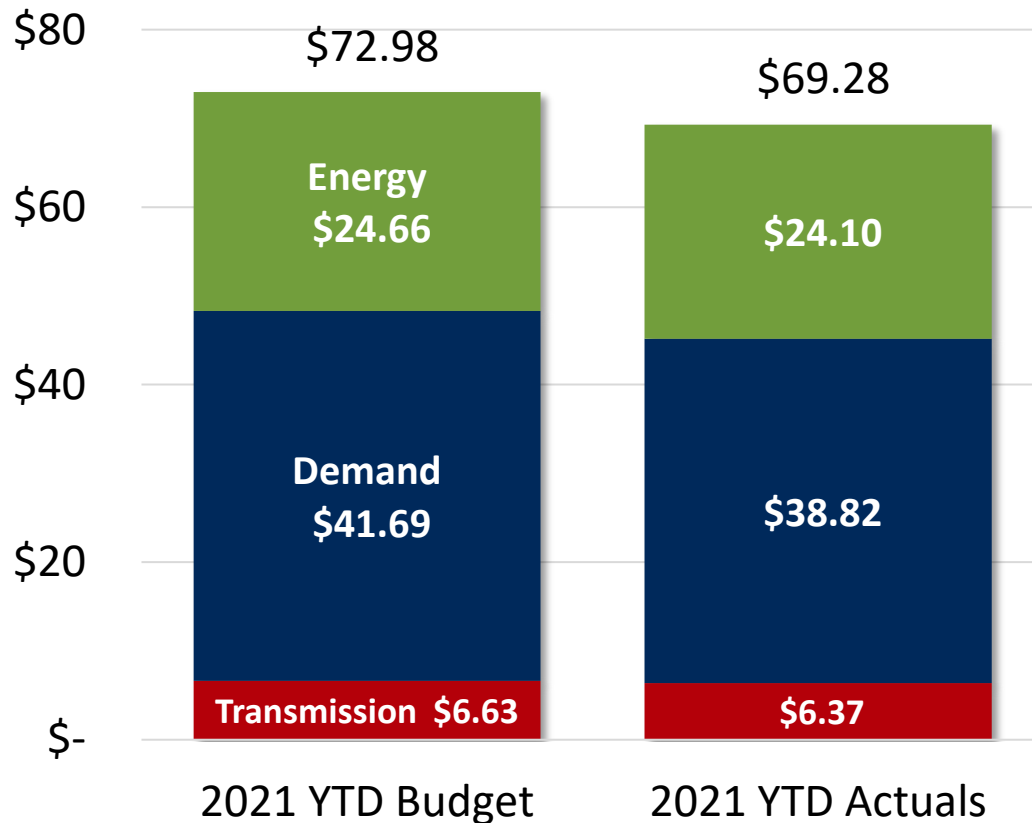
FY 2021 Budget Increase Requested for ARP

- ARP increase need driven by fuel expense above budget
 - YTD participant sales 3% above budget; 3rd party sales 19% above budget drive additional generation
 - Gas prices currently running well above budgeted levels
 - While \$ expenses above budget, \$/MWh participant costs \$3.70/MWh (5%) below budget, expected to finish year below \$71.07/MWh budget
- Requesting \$50M of additional spending authority, for a total of \$521M
- These additional funds ensure that FMPA has sufficient spending authority to pay Project expenses
- Additional requested funds do not impact FY 2021 demand or transmission rates; energy rate reflects actual costs

YTD ARP Participant Costs ~\$3.70/MWh (5%) < Budget

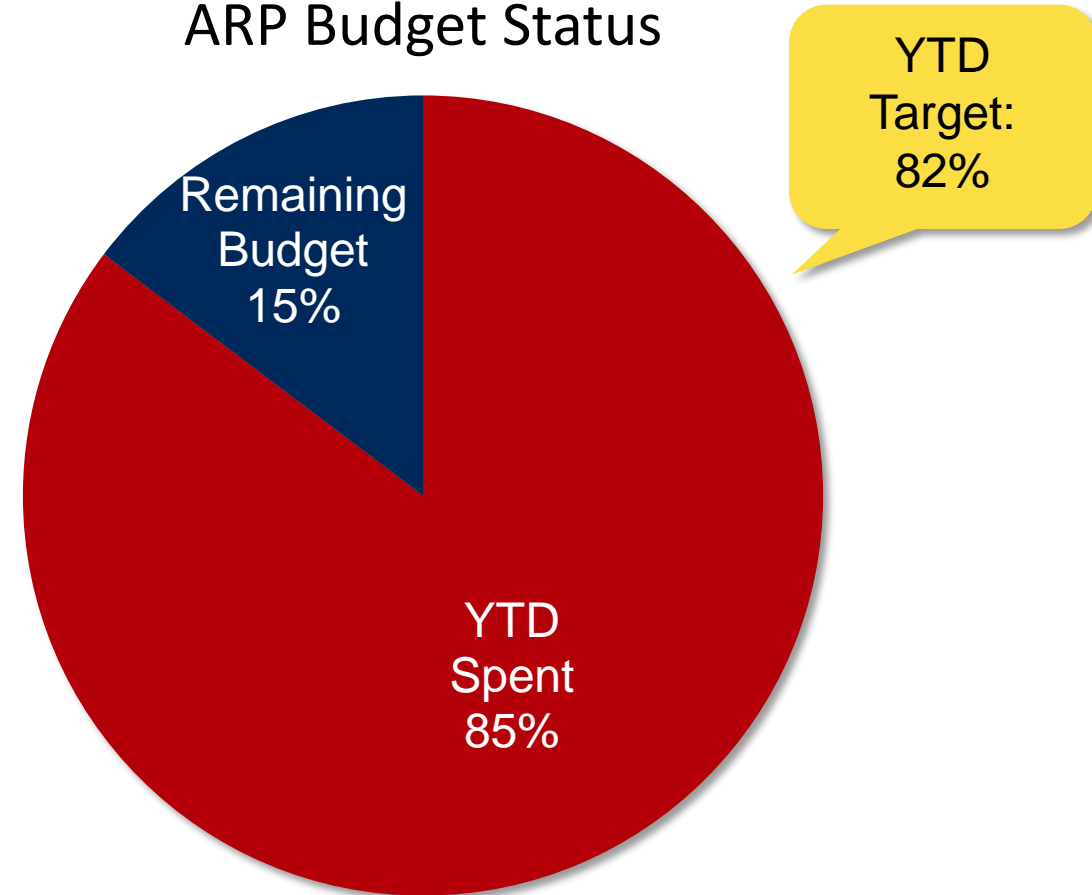
\$/MWh Savings Primarily Driven by MWh Sales 3% > Budget

ARP Participant Costs (\$/MWh)



Results shown through July 2021

ARP Budget Status

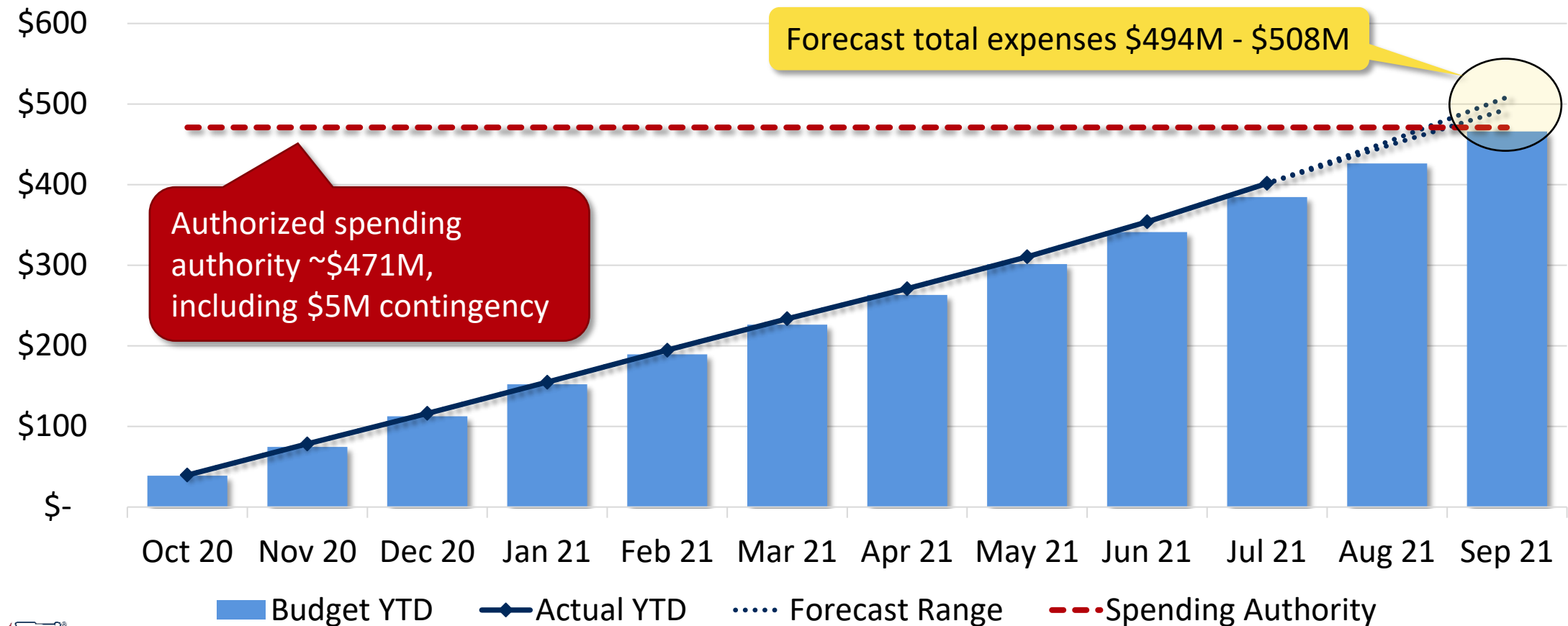


Note: remaining budget includes \$5M approved spending authority contingency

ARP Forecasted \$23M to \$37M > Budget + Contingency

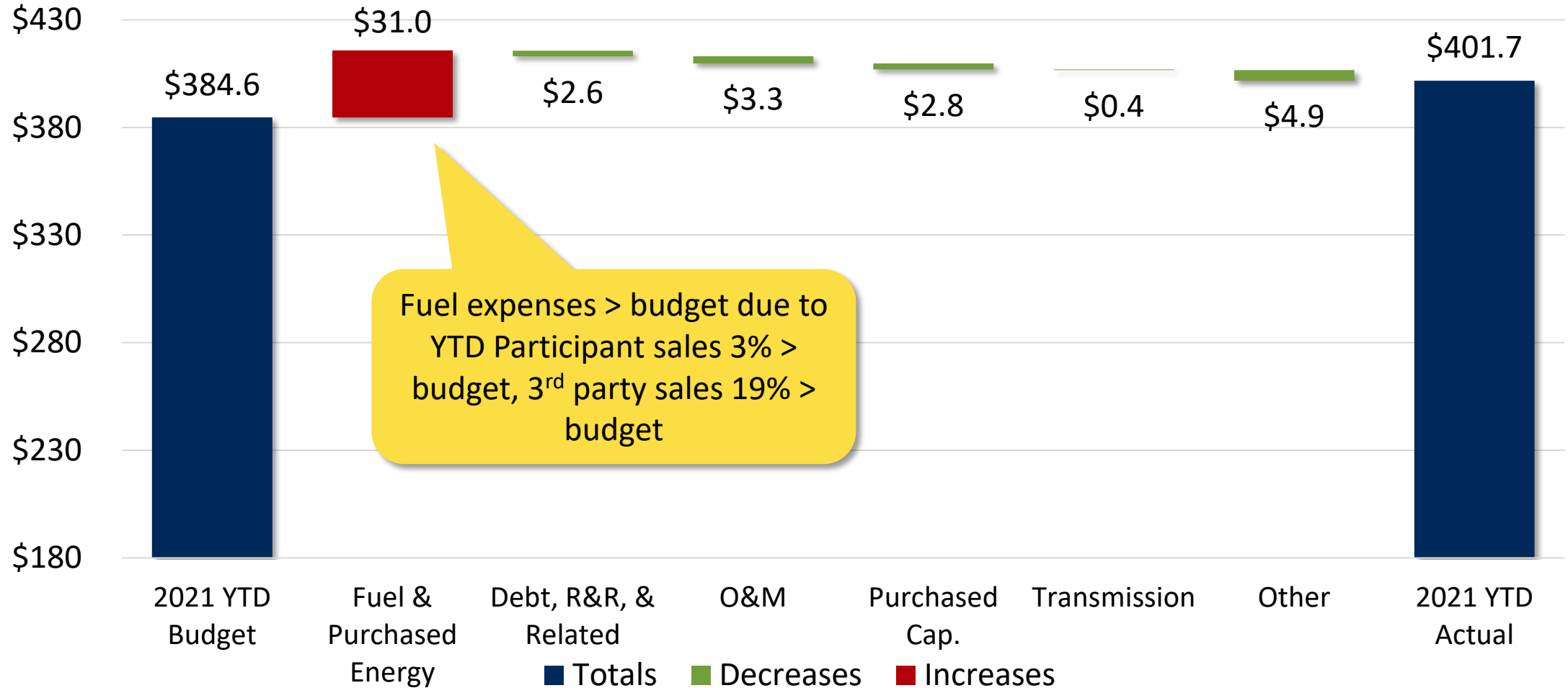
Driven by Sales > Budget, Higher Summer Gas Curve

ARP FY 2021 Cumulative Budget vs. Actual Expenses (\$Millions)



ARP \$17M > YTD Budget through July

ARP FY 2021 YTD Budget vs. Actual Expenses through July (\$Millions)



Recommended Motion

- Move approval of recommendation of Resolution 2021-EC4 for approval to increase the FY 2021 All-Requirements Project budget spending authority by \$50,000,000.

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**Finance Committee Meeting
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AGENDA ITEM 10 – REPORTS

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AGENDA ITEM 11 – COMMENTS

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AGENDA ITEM 12 – ADJOURNMENT

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