

CLERKS DULY NOTIFIED.....April 16, 2015
AGENDA PACKAGES/CDS FEDEXED TO MEMBERS.....April 16, 2015

MINUTES
EXECUTIVE COMMITTEE
THURSDAY, APRIL 16, 2015
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819

PARTICIPANTS PRESENT

Bushnell	-	Bruce Hickle*
Clewiston	-	Danny Williams (via telephone)
Fort Meade	-	Fred Hilliard
Fort Pierce	-	Clay Lindstrom
Green Cove Springs	-	Robert Page
Havana	-	Howard McKinnon
Jacksonville Beach	-	Allen Putnam
Key West	-	Lynne Tejeda (via telephone)
Kissimmee	-	Larry Mattern
Leesburg	-	Patrick Foster
Newberry	-	Bill Conrad
Ocala	-	Mike Poucher
Starke	-	Tom Ernharth

*arrived late

OTHERS PRESENT

Grant Lacerte, Kissimmee
Joe Hostetler, Kissimmee
Scott Roberts, Starke
Matt Williams, Bank of America Merrill Lynch
J.W. Howard, Morgan Stanley
Lisa Zahner, Vero Beach 32963 Media
David Thornton, Wells Fargo
Al Minner, Leesburg
David Anderson, Ocala
Diane Reichard, Ocala
Mike Perri, Fort Pierce
Paul Jakubczak, Fort Pierce
George Forbes, Jacksonville Beach
Donna Painter, nFront Consulting LLC
Nat Singer, Swap Financial Group (via telephone)
Craig Dunlap, Dunlap & Associates, Inc.

STAFF PRESENT

Nick Guarriello, General Manager and CEO
Fred Bryant, General Counsel

Jody Finklea, Assistant General Counsel and Manager of Legal Affairs
Dan O'Hagan, Associate General Counsel
Mark McCain, Assistant General Manager, Public Relations & Human Resources
Mark Larson, Assistant General Manager, Finance and Information Technology and CFO
Frank Gaffney, Assistant General Manager, Power Resources
Michelle Pisarri, Administrative Coordinator
Sue Utley, Executive Assistant to the CEO/Asst. Secy to the BOD
Janet Davis, Treasurer
Rich Popp, Contract Compliance Audit and Risk Manager
Rick Minch, Controller
Sharon Smeenk, Member Services Manager
Carol Chin, Regulatory Compliance Officer
Chris Smart, Generation Planning Engineer III
Joe McKinney, Operations and Short Term Planning Manager
Jason Wolfe, Financial Analyst and Power Supply Contracts Administrator
Edwin Nunez, Assistant Treasurer/Debt
Michele Jackson, System Planning Manager

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

Chairman Howard McKinnon, Havana, called the FMPA Executive Committee meeting to order at 12:15 p.m. on Thursday, April 16, 2015 in the Boardroom, Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 12 members present out of a possible 13. Bushnell arrived late to the meeting bringing the quorum to 13.

ITEM 2 – SET AGENDA (BY VOTE):

MOTION: Mr. Poucher, Ocala moved to set the agenda as presented. Mr. Mattern, Kissimmee, seconded the motion. Motion carried 13-0.

ITEM 3 – RECOGNITION OF GUESTS:

None

ITEM 4 – PUBLIC COMMENTS:

None.

ITEM 5 – COMMENTS FROM THE CHAIRMAN:

Chairman McKinnon had no comments.

ITEM 6 – REPORT FROM GENERAL MANAGER:

Nick Guarriello, General Manager and CEO, reported on the following items: Duke return on equity (ROE) settlement; Quincy update; Homestead RFQ update

ITEM 7 –SUNSHINE LAW UPDATE IN A MINUTE:

Jody Finklea, Assistant General Counsel & Manager of Legal Affairs, provided a verbal report on recent Public Records Law news.

ITEM 8 –CONSENT AGENDA:

Item 8a – Approval of Meeting Minutes–Meetings Held March 19, 2015; Special Called Telephonic Executive Committee Meeting – Meeting Held March 25, 2015; Special Called Joint Executive Committee and Board of Directors Telephonic Workshop – Workshop Held February 3, 2015; ARP Telephonic Rate Workshop Minutes – Workshop Held March 6, 2015

Item 8b - Approval of Treasury Reports - As of February 28, 2015

Item 8c – Approval of Agency and All-Requirements Project Financials as of February 28, 2015

MOTION: Mr. Hickle, Bushnell, moved approval of the consent agenda as presented. Mr. Poucher, Ocala seconded the motion. Motion carried 13-0.

ITEM 9 – ACTION ITEMS:

Item 9a—Approval of FGT Firm Capacity Contract Entitlement Extension

MOTION: Mr. Mattern, Kissimmee, moved approval to extend FGT Contract #107324 and associated Exhibit C to FGT Contract, and authorize their execution by the General Manager and CEO. Mr. Foster, Leesburg, seconded the motion. Motion carried 13-0.

Item 9b— Approval of Revision to CROD Implementation Protocols

MOTION: Mr. Hickle, Bushnell, moved approval of the proposed revision to the CROD Implementation Protocols and to make the revised document retroactively applicable as of February 1, 2015. Mr. Poucher, Ocala seconded the motion. Motion carried 13-0.

Item 9c— Approval of Renewal of ARP Conservation Program & Funding Level for FY2015-2016

MOTION: Mr. Foster, Leesburg, moved approval of funding the ARP Conservation Program at \$700,000 for Fiscal Year 2015-2016, including \$50,000 for updating the energy efficiency video series. The program will be funded out of the ARP Energy Rate at an approximate rate impact of \$0.12/MWh. Mr. Putnam, Jacksonville Beach, seconded the motion. Motion carried 12-0.

Item 9d— Approval of Amendment to Existing Letter of Credit with Bank of America

MOTION: Mr. Page, Green Cove Springs, moved approval of the Third Amendment to the Letter of Credit and Reimbursement Agreement with Bank of America, and execution of the same and all other necessary actions by Authorized Signatories under the Series 2008 Supplemental All-Requirements Power Supply Project Revenue Bond Resolution (Variable Rate Bonds). Mr. Poucher, Ocala, seconded the motion. Motion carried 13-0.

Item 9e— Approval of Taylor Swaps and ARP 2008A and 2009A Series Bonds Refinancings – Finance Team Recommendations

MOTION: Mr. Foster, Leesburg, moved approval the following recommendations of the Agency's Swap Advisor, Financial Advisor and Finance Team:

1. Terminate 3 Taylor Swaps now (as soon as is practical). Terminate the remaining swaps when they can be closely paired with the refinancing of the ARP Series 2008A and 2009A Bonds in order to minimize interest rate movement risks. Utilize the Credit Agreement funding as needed to initially fund the terminations.
2. Prepare to issue new, plain vanilla fixed rate ARP bonds to permanently finance the Taylor Swap termination costs, structured as per Scenario 4 shown in Attachment 2 on page 2.

3. Refinance the ARP Series 2008A and 2009A Bonds where savings meet the ARP's debt policy threshold of 3% present value savings, and structure the new debt payment schedule to stay within the current debt's repayment time schedule as reflected in Option 4 of Attachment #2.
4. Schedule the bond issue that accomplishes #2 and #3 above by no later than June 30, 2015.

Mr. Conrad, Newberry, seconded the motion. Roll call vote was taken. Motion carried 8-4. Fort Pierce, Green Cove Springs, Kissimmee, Ocala voted nay. Fort Meade was not present for the vote. Clewiston was present for the vote.

REQUEST FOR SUPERMAJORITY APPROVAL: Pursuant to Article IV, section 5 of the Executive Committee By-Laws, Mr. Mattern, Kissimmee, and Mr. Lindstrom, Fort Pierce, requested a second affirming vote of the action taken by the Executive Committee, which must pass by a supermajority of no less than 75% of the votes present as a quorum.

Roll call vote was taken. Motion failed 8-4. (For 12 votes present as a quorum, 75% or 9 votes are required for approval.) Fort Pierce, Green Cove Springs, Kissimmee, and Ocala voted nay. Fort Meade was not present for the vote. Clewiston was present for the vote.

Discussion continued.

MOTION: Mr. Mattern, Kissimmee, moved approval the following recommendations of the Agency's Swap Advisor, Financial Advisor and Finance Team:

1. Terminate 3 Taylor Swaps now (as soon as is practical). Terminate the remaining swaps when they can be closely paired with the refinancing of the ARP Series 2008A and 2009A Bonds in order to minimize interest rate movement risks. Utilize the Credit Agreement funding as needed to initially fund the terminations.
2. Prepare to issue new, plain vanilla fixed rate ARP bonds to permanently finance the Taylor Swap termination costs, structured as per Scenario 1 shown in Attachment 2 on page 2.
3. Refinance the ARP Series 2008A and 2009A Bonds where savings meet the ARP's debt policy threshold of 3% present value savings, and structure the new debt payment schedule to stay within the current debt's repayment time schedule as reflected in Option 1 of Attachment #2.

4. Schedule the bond issue that accomplishes #2 and #3 above by no later than June 30, 2015.

Mr. Lindstrom, Fort Pierce, seconded the motion. Roll call vote was taken. Motion failed 3-8. Bushnell, Green Cove Springs, Havana, Jacksonville Beach, Key West, Leesburg, Newberry and Starke voted nay. Fort Meade and Clewiston were not present for the vote.

Discussion continued.

MOTION: Mr. Conrad, Newberry, moved approval the following recommendations of the Agency's Swap Advisor, Financial Advisor and Finance Team:

5. Terminate 3 Taylor Swaps now (as soon as is practical). Terminate the remaining swaps when they can be closely paired with the refinancing of the ARP Series 2008A and 2009A Bonds in order to minimize interest rate movement risks. Utilize the Credit Agreement funding as needed to initially fund the terminations.
6. Prepare to issue new, plain vanilla fixed rate ARP bonds to permanently finance the Taylor Swap termination costs, structured as per Scenario 2 shown in Attachment 2 on page 2.
7. Refinance the ARP Series 2008A and 2009A Bonds where savings meet the ARP's debt policy threshold of 3% present value savings, and structure the new debt payment schedule to stay within the current debt's repayment time schedule as reflected in Option 2 of Attachment #2.
8. Schedule the bond issue that accomplishes #2 and #3 above by no later than June 30, 2015.

Mr. Poucher, Ocala, seconded the motion. Roll call vote was taken. Motion failed 3-8. Bushnell, Fort Pierce, Green Cove Springs, Jacksonville Beach, Key West, Kissimmee, Leesburg, and Starke voted nay. Fort Meade and Clewiston were not present for the vote.

Discussion continued.

MOTION: Mrs. Tejeda, Key West, moved approval to pair the permanent financing of the Taylor Swaps termination costs with the refunding of the Series 2008A and 2009A Bonds. Mr. Conrad, Newberry, seconded the motion. Roll call vote was taken. Motion carried 8-4. Clewiston, Green Cove Springs, Jacksonville Beach, and Leesburg voted nay. Fort Meade was not present for the vote.

Discussion continued.

MOTION: Mr. Mattern, Kissimmee, moved to approve a modified Option 1 with interest only for the first three (3) years and starting year four (4) amortize the principal until 2031. Mr. Conrad, Newberry, seconded the motion. Roll call vote was taken. Motion failed 4-8. Bushnell, Clewiston, Fort Pierce, Havana, Jacksonville Beach, Key West, Leesburg, and Starke voted nay. Fort Meade was not present for the vote.

Discussion continued

MOTION: Mr. Foster, Leesburg, moved to terminate three (3) of the Taylor Swaps as soon as practical and to bring back the amortization schedule issue at the May 2015 meeting. Mr. Conrad, Newberry, seconded the motion. Roll call vote was taken. Motion carried 12-0. Fort Meade was not present for the vote.

Item 9f— Approval of New Credit Card Practices – Auditor General Funding No. 11

MOTION: Mr. Mattern, Kissimmee, moved to table this item until such time an actual policy or procedure is presented to the committee. Mr. Foster, Leesburg, seconded the motion. Motion carried 12-0. Fort Meade was not present for the vote.

The meeting was recessed at 1:46 p.m.

The meeting was reconvened at 1:56 p.m.

ITEM 10 – INFORMATION ITEMS:

- a. **Conservation and Renewable Energy Advisory Committee (CREAC) Chairwoman's Report**
- b. **Quarterly Regulatory Compliance Update**
- c. **Results of the Duke Energy Florida (DEF) 2014 OATT Formula Annual Update**
- d. **2015 ARP Load Forecast**

- e. **2015 Ten Year Site Plan**
- f. **Update – Transmission Planning and Related Services to New Smyrna Beach, Homestead and Lake Worth**
- g. **Update on Auditor General Finding No. 4 - Investment Policy**
- h. **Update on Auditor General Finding Number 3 – Interest Rate Swaps and Finding No. 10 – Selection of Bond Professionals**
- i. **Update on Auditor General Finding No. 15 – IT Disaster Recovery Plan**
- j. **Hedge Portfolio Position Update – January 2015**
- k. **Member Request – Review Existing Approved Hedging Program and Consider the Purchase of Fixed Price Natural Gas for the Summer Months, Not Exceeding 25% of Gas Supply (Verbal) (Larry Mattern, Kissimmee)**

Staff reported on Information Items f, g, h, and i; Items d and e will be presented at the May meeting. No questions were asked of staff on Items a, b, c, and j. Mr. Mattern spoke briefly on reviewing the existing Hedge Program and said he would bring back the item as a member agenda request for the next meeting.

ITEM 12 – MEMBER COMMENTS:

Mr. Page, Green Cove Springs, stated:

Yes, this relates to the Audit Committee Meeting. I sent Nick an email after that meeting. I can't tell you how disappointed I was with the outcome of that meeting. The fact that we chose not to have Nick and Fred there, I personally take that as a very difficult pill to swallow. I asked the question on Wednesday during the telephonic meeting who was going to be at the meeting. We were told who was going to be there, but nobody suggested to us that Nick and Fred had been requested to be there. That changed the whole tenor of that meeting when that was pointed out.

I don't think the auditor general was doing a great job with the presentation, I don't think their consultant was doing a great job with the presentation, but when we pointed out that the two people they had requested to be there weren't there,

the whole tenor of that group changed. And from having three or four people who clearly had an agenda and wanted to extract a pound of flesh, I thought the other seven had some affinity for us or at least were willing to listen. When that became apparent, we were 10 and 0 against us. And when I first became involved with this organization back in 2004, I felt that the way that it operated was if you asked the right question, I'll give you the right answer. I thought that had changed. But when you didn't tell me that two key people had been requested to be at the meeting and then you let us go down that road, I just find that a violation of trust and the result of that is, is what George is talking about today.

We're going to spend meetings like this where we spend four or five hours because they're going to continue to audit us, continue to probe and push because we didn't settle the issue there. And all that does is put more work on the staff and that's going to be the priority because we're going to try and get rid of it. Then we're going to let the other things that are critical to running this business slide because you're going to wear staff out. You can't continue to ride them hard and put them away wet. And it just doesn't work and so from that stand point I'm very disappointed. That's my comment

Chairman McKinnon stated that "Thank you Bob for making those comments. I was in attendance at the meeting and I can certainly understand what you're saying with your comments. I know there has been a response and we've learned some things, but thank you for your comments. You're on the record."

Mr. Forbes, Jacksonville Beach, stated:

It's my understanding that you wrote a letter of apology to them. Honestly my thought when I heard that is that is a good start, but I think a letter of apology to the Board of Directors is appropriate also. I think you're going to find the comments made by Bob aren't alone. I think that we were let down. Nick, I think that you are a great witness and would have been a great witness. You're a good person, but I think you both let us down. You're paid Nick to be accountable for this organization. When the bell rang, you didn't show up and I think that's very unfortunate. So that's all I have to say.

There being no further business, the meeting was adjourned at 12:28 p.m.


Howard McKinnon
Chairperson, Executive Committee


Sue Utley
Assistant Secretary

Approved: May 21, 2015

