

CLERKS DULY NOTIFIED..... MAY 14, 2015
AGENDA PACKAGES/CDS SENT TO MEMBERS MAY 14, 2015
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MINUTES
FMPA BOARD OF DIRECTORS MEETING
FLORIDA MUNICIPAL POWER AGENCY
8553 COMMODITY CIRCLE
ORLANDO, FL 32819
THURSDAY, MAY 21, 2015
9:30 A.M.

MEMBERS PRESENT Bruce Hickle, Bushnell (via telephone)
Elmon Lee Garner, Chattahoochee * (via telephone)
Danny Williams, Clewiston (via telephone)
Fred Hilliard, Fort Meade (via telephone)
Paul Jakubczak, Fort Pierce
Bob Page, Green Cove Springs
Howard McKinnon, Havana
Barbara Quinones, Homestead (via telephone)
Allen Putnam, Jacksonville Beach
Lynne Tejada, Key West
Larry Mattern, Kissimmee
Alan Shaffer, Lakeland (via telephone)
Patrick Foster, Leesburg
Bill Conrad, Newberry
Sandra Wilson, Ocala (via telephone)
Claston Sunanon, Orlando
Donna Cooley, St. Cloud * (via telephone)
Tom Ernharth, Starke (via telephone)
Randy Old, Vero Beach
Jerry Warren, Winter Park (via telephone)

*arrived after roll call.

OTHERS PRESENT George Forbes, Jacksonville Beach
Grant Lacerte, Kissimmee
Greg Woessner, Kissimmee
Al Minner Leesburg
Mike Poucher, Ocala
David Anderson, Ocala
Craig Dunlap, Dunlap & Associates, Inc.
David Thornton, Wells Fargo
Matt Williams, Bank of America/Merrill Lynch
Wayne Bertsch, Wilson & Associates
Tim Zorc, Indian River County

STAFF PRESENT Nick Guarriello, General Manager and CEO
Fred Bryant, General Counsel (via telephone)

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Jody Finklea, Assistant General Counsel and Manager of
Legal Affairs
Frank Gaffney, Assistant General Manager, Power Resources
Mark McCain, Assistant General Manager, Member Services, Human
Resources and Public Relations
Mark Larson, Assistant General Manager, Finance and Information
Technology and CFO
Janet Davis, Treasury Manager
Sue Utley, Executive Asst./Asst. Secy. to the Board
Michelle Pisarri, Power Resources Secretary II

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

Chairman Bill Conrad, Newberry, called the Board of Directors Meeting to order at 9:31 a.m. on Thursday, May 21, 2015 at the Florida Municipal Power Agency, 8553 Commodity Circle, Orlando, Florida. The roll was taken and a quorum was declared with 16 members present representing 29.5 votes out of a possible 48.5. Chattahoochee, Fort Meade, and St. Cloud joined the meeting by telephone after the roll call bringing the total members present to 18 representing 34 votes out of a possible 48.5.

ITEM 2 – Recognition of Guests

Chairman Conrad introduced Wayne Bertsch of Wilson & Associates.

Tim Zorc, Indian River County Commissioner.

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

Tim Zorc, Indian River County Commissioner, commended on FMPA's new website design.

ITEM 4 – SET AGENDA (by vote)

MOTION: Howard McKinnon, Havana, moved approval of the agenda as presented. Jerry Warren, Winter Park, seconded the motion. Motion carried 34-0.

ITEM 5 – REPORT FROM THE GENERAL MANAGER

Nicholas Guarriello reported on the following:

- 1) Blaine Suggs from the City of Newberry and former FMPA Board of Directors and Executive Committee representative is retiring after 29 years of service to the City and public power. Mr. Guarriello read a letter he is sending to Mr. Suggs for the record as follows:

May 21, 2015

Dear Blaine:

On behalf of the Florida Municipal Power Agency (FMPA) and its members and staff, I would like to congratulate you on your forthcoming retirement from the City of Newberry. Throughout the past 29 years, you have been a valuable contributor to your city and to Florida's public power community, and you will be missed by many.

Your determination and vision have brought excellence to the City of Newberry's utilities. The city grew from 1.5 square miles to 55 square miles during a 10-year period, and you ensured the city's utility resources were ready to serve that growth. When customers were struggling during the recession, you worked with city officials to provide short- and long-term relief for ratepayers. You also worked tirelessly to put federal grants to work for the improvement of your city.

Additionally, your many years of service to FMPA's Board of Directors have made a lasting contribution to the Agency. You served the Board of Directors from 1986 through 2008 and the Executive Committee from 2007 through 2008.

Thank you for your dedicated service to Florida's municipal electric utilities. We wish you all the best in the future.

Sincerely,

*Nicholas P. Guarriello
General Manager and CEO*

- 2) Moody's Investors Service downgraded the Chicago Board of Education bonds and FMPA holds some of those bonds. FMPA has about \$3.7 million at a 6.601 percent interest rate and about \$5.9 million of that at a 4.7 percent interest rate. We wanted to report to the Board and let you know we will keep an eye on it.

ITEM 6 – Consent Agenda

- a. Approval of Minutes – Board of Directors Meetings held on March 25, 2015 and April 16, 2015
- b. Approval of the Projects' Financials as of March 31, 2015
- c. Approval of the Treasury Reports as of March 31, 2015

MOTION: Jerry Warren, Winter Park, moved approval of the Consent Agenda as presented. Lee Garner, Chattahoochee, seconded the motion. Motion carried 34-0.

ITEM 7 – ACTION ITEMS

a. Appointment of a Nominating Committee

Bill Conrad, Newberry, nominated Patrick Foster to fill the vacancy in the large member category. Howard McKinnon, Havana, seconded the motion.

MOTION: Larry Mattern, Kissimmee, moved approval of the Board of Directors appointments to the Nominating Committee as follows: Howard McKinnon, Charles Revell and Patrick Foster. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 34-0.

b. Approval of New Credit Card Policy and Procedures – Auditor General’s Report Finding #11

MOTION: Howard McKinnon, Havana, moved approval to reissue FMPA credit cards, to non-FMPA plant personnel at the Treasure Coast Energy Center and Stock Island Generating Facility. Direction was also given to staff to bring back revised credit card policy and procedures to incorporate the Board’s decision for non-FMPA plant personnel. Larry Mattern, Kissimmee, seconded the motion. Motion carried 32-2. Green Cove Springs voted nay.

c. Approval of Disaster Recovery Plan – Auditor General Finding No. 15

MOTION: Jerry Warren, Winter Park, moved approval of the recommended approach of addressing the Auditor General’s Finding No. 15. Bob Page, Green Cove Springs, seconded the motion. Motion carried 34-0.

d. Approval of Amendment to Debt Policy re: Selection of Bond Professionals – Auditor General Finding No. 10

MOTION: Howard McKinnon, Havana, moved approval of amended Debt Policy language related to AG Finding No. 10 with changing the last sentence in Section 4.1.1 changing the word “shall” to “may,” and staff’s implementation plan as noted. Larry Mattern, Kissimmee, seconded the motion. Motion carried 31-3. Fort Meade and Winter Park voted nay.

e. Approval of Amendment to Investment Policy re: Auditor General Finding No. 4

MOTION: Howard McKinnon, Havana, moved approval of the Investment Policy with the changes discussed as follows:

5.5 Diversification – accept the added language in the first paragraph that states: or by any other reasonably determinable characteristic and the added and deleted language in paragraph 2 of 5.5 that states: For risks potentially resulting from investments with high concentrations of other characteristics not itemized in the chart above, the Treasurer should

bring these investments to the attention of the Assistant General Manager and CFO (AGM/CFO) and the Agency Risk Manager for review. If the concentration risk is deemed significant enough by any one of the three noted here, the AGM/CFO must bring this concentration concern to the AROC at its next regular meeting.

~~5.5.1 Exceptions: The Assistant General Manager and CFO has authority to approve exceptions to required diversification if one institution is able to achieve some economies of scale which will benefit FMPA. Such exceptions must be reported to the AROC within five business days.~~

Diversification percentages can also be exceeded by the Executive Committee or Board of Directors through approval of proposed investment agreements.

Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 34-0.

f. Approval of the St. Lucie Project Exception to the Debt Risk Management Policy

MOTION: Larry Mattern, Kissimmee, move approval of an exception to the Debt Risk Management Policy for the St. Lucie Project's Bank of America Merrill Lynch interest rate swaps, currently having a notional value of \$119,699 million, for one year, with directions to staff (1) to biannually report to the Board of Directors on the status of these swaps (in November and May) and (2) to immediately notify the Board of Directors if the mark-to-market value of these swaps approaches \$0. Allen Putnam, Jacksonville Beach, seconded the motion. Motion carried 34-0.

ITEM 8 – INFORMATION ITEMS

a. Auditor General Finding No. 8 – Questioned Expenditures

Staff presented to proposed public purpose policy and procedure to the Board of Directors, which discussed it.

Patrick Foster, Leesburg, stated: I've said this before and I want this to go down in the record very clearly. I think that what [the Auditor General] pointed out, and as Larry says, I take this very seriously, I've said in past meetings that I do take it very seriously.

I also know what the genesis of this is, I think it's nasty, I think it's horrible, I think that those people ought to have.....if they're a public agency and they had to expose themselves and their expenditures, and I'm going to specifically call out Florida Power & Light, I know they have sky boxes at Joe Robbie Stadium, etc. It makes our expenditures look like a puny, puny amount. If they don't have Christmas trees or holiday trees or whatever you call them, I'll eat this table. So I agree that this is a problem, we've identified a problem, the Auditor General did too. If the Auditor General did a similar report on Florida Power & Light, Duke, TECo, any of these other companies, they would unbelievably be blasted all over the media. And that needs to be said. I'm sorry.

ITEM 9 – MEMBER COMMENTS

Howard McKinnon, Havana, said he wanted to express to staff his appreciation, and said he feels it's important to respond to the Auditor General's report as quick as we can and thinks it sends a good message and it's the right thing to do. He said he knows staff has worked really hard and we've gotten a lot of stuff done and it took a lot of work; they spent a lot of time. And the Legal Department did a good job also.

Bob Page, Green Cove Springs: This has to do with our lobbyists. Are we going to get a report from them on what they've done for us in this process? We authorized some extra funds for them. A report on whether they've expended those funds, whether we still have funds available to us. If we have funds available to us, it would certainly benefit us to try and do as much lobbying with Tallahassee and the people involved, trying to show all the things that we're doing here as well as understanding the organization a little bit more in depth, because sometimes I think the questions that the Joint Committee asked reflected their lack of knowledge about what's going on. We should put together a plan to try and get us out from this onerous burden because, I mean at this point, I think they tend to want to sit on our back for a very long time and it's only going to be these kinds of things we get diverted from what our real mission ought to be. If we can use that lobbyist to get a report from them where we are, I think that would be most helpful.

Larry Mattern, Kissimmee: Because of the audit and some of the challenges we've had from some of our neighbors on how we're doing things and how we appear, and we've been pretty much public about it. We've been cautioned to be careful of what we say or how it could be taken out of our meetings here. Well, under the Sunshine Law this is the only time I can talk to you guys. This is the only time we can have these robust discussions and it's good. He just doesn't want you folks [speaking to Indian River County Commissioner Tim Zorc] or the media or anyone to misconstrue, because I'll be as tough on this Agency as anybody. If I'm making an attack on a policy or giving a strong opinion, it isn't because I think this is a bad Agency or that we're not doing the right things. I think when we do that among ourselves we're doing the right thing. I think when we get the multiple opinions in here and we take as much time as it takes, if we drag a meeting on for hours, that's a good thing, that's what makes a good strong organization in the end. So I want you all to know that I'm going to speak my mind in here, but for one minute, I don't want you folks [speaking to Tim Zorc] to think that down in your county or the media or anybody to think, that I have anything against this organization. I respect this organization and I'm committed, as I think everyone in this room is, to make it a good organization. So, there's going to be free speech in here, but it doesn't mean that we're trying to tear the place down, we're trying to build it stronger.

Patrick Foster, Leesburg: I just want to echo those sentiments exactly. I make a lot of strong statements in the Board and Executive Committee meetings as well, but as an Agency as a whole, I'm proud of this Agency and realize exactly what Larry is saying about the robust discussions in the meetings really helping the Agency and I hope that the input from all the Board of Directors' members and the Executive Committee members do just that.

Randy Old, Vero Beach: I think there's an awful lot of support for this group down in Vero Beach and I'm sorry that we sort of have forked tongues when we talk. It's a difficult atmosphere right now and I think it's going to go on for quite a while, unfortunately, but there's a lot of support for this group.

Mike Poucher, Ocala: Ocala wants to thank staff for all their hard work on bringing forward the Auditor General's comments and addressing those findings. There's been a lot of work done on that. We did have a question on the employment contracts, if there's a schedule when those are going to be brought forward to us?

Nicholas Guarriello said the Agency is trying to get all findings from the Auditor General's report completed by the fall.

ITEM 10 – ADJOURNMENT

There being no further business, the meeting was adjourned at 11:35 a.m.

Bill Conrad
Chairman, Board of Directors

Lynne Tejada
Secretary

Approved: _____

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