From: Michelle Pisarri
To: Jacob Williams
Subject: FW: Quick Summary of Last Night Vero Beach Meeting
Date: Wednesday, February 22, 2017 10:08:44 AM

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Good Morning,

Please see below a summary from Jacob regarding last night's Vero Beach City Council.

Best Regards,
Michelle Pisarri

A quick summary of last night's Vero Beach City Council session. We will send out a more full summary with video by the end of day today.

The meeting went extremely well. Mayor Moss continued her theme of a new beginning and constructive relationships with FMPA and members so that Vero Beach could achieve the goal of selling off the utility. We likewise acknowledged Mayor Moss and Rep. Grall's attitude of focusing on the prize to try and provide Vero Beach the option to sell the utility and get out of the project agreements with FMPA and stay away filing bills and requesting studies that may otherwise slow the process and not let Vero Beach achieve its goal.

Indian River Shores

We stated very clearly that Vero Beach is free to move forward with the Indian River Shores sale and that if they needed anything additional from FPMA, to pleas let us know. Our review of the facts today is complete.

Full Sale and Preliminary Cost to Exit from Project Agreements

We reviewed the slides basic slide deck the Board saw last week with the City Council. We stated very clearly over and over again, we are trying to strike the balance of meeting Vero Beach's desire with ensuring that our members like Fort Pierce and Clewiston will not pay more for there power nor take on additional uncompensated risk for power the ARP cities do not need. We made it clear we are not the only option but our task for them was to provide an option that relied essentially solely on the ARP cities to take over these power entitlements that they do not need. It was also very clear that all 19 cities in the ARP and in the project agreements would have to ultimately approve the transaction so working together and building constructive relationships was important.

There were a number of questions around the preliminary proposal but most jumped straight to how fast could the whole system be sold. Councilman Winger was very supportive of the numbers and thought this was doable. He immediately understand that in exchange for the $32 million in end of life and major event risk the ARP cities would take over, Vero Beach would give up their "Additional Benefits" rights under the ARP agreement. He thought that was a good deal.

Two of the Councilman jumped on the FPL coal plant comparisons where Vero Beach's share would require a payment of $85 million before risk adjustment and said this is nothing more than a "real estate comp" and it makes great sense. The Council was very complimentary of FMPA's team providing a preliminary proposal ahead of the stated schedule in January and that is was very easy to understand and clear. They were told the team had been working since before Christmas on the effort well in advance of the January 3 meeting. They were all extremely happy with the progress and appreciated FMPA's efforts to deliver on our commitments, in this case even early.

They pressed on the timeline and essentially committed to working to the goal we had stated from the very beginning in early January, to try and be done in a year. They tried to squeeze time down but the big first step is negotiating a deal with Vero Beach, FPL, OUC, and others to most of the moving parts are fixed taking roughly 3 months. Then we would start shopping the deal first to the Bondholders, ratings agencies, Bond Trustees, and a rough indication from the Board, etc for roughly 3 months. Finally take about 4 months to get the 19 cities/Utility Board/Authorities approval and as well as the FMPA EC and Board approval. Obviously much has to go right to get there but its draft plan.

FPL has not firmly indicated if they will bid on the entire system, but we should know in the next couple weeks and then if so, let the negotiations begin. FPL had no formal presentation and was struggling with what their exact timeline would be.

Interestingly during the push to to speed up the process, we made it quite clear that if State level "Studies or Audits" were pushed on FMPA, that essentially the same 5 people would be involved in these Studies as would be involved in the negotiations and that the process would slow significantly. Councilman Winger was not happy with the OPPOGA study request and realized that would hurt the process and you got the sense they would push to alter that.

During the Q&A, Tim Zorch brought up a letter from Sen. Mayfield's office from Monday which seemed to indicate she is requesting the OPPOGA study be postponed. We are trying to run that down today.

A more thorough write up to come with video excerpts. Please call my cell 407-274-2846 with any questions.

Finally thanks again to this team that has worked so hard to pull this information together and make a high quality and easy to understand presentation to the Vero Beach City Council. Clearly their view of FMPA is changing and your efforts are a big piece of why that is occurring.

Thanks

Jacob
Sent from my iPad