From:	Mark Mccain
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Cc:	Jacob Williams; Fred.bryant@fmpa.com; Jody Finklea; Frank Gaffney; Mark Larson; Sue Utley
Subject:	FMPA Presentation at Vero Beach City Council on 2-21-17
Date:	Wednesday, February 22, 2017 5:31:40 PM

THIS EMAIL IS BLIND COPIED TO FMPA'S BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND ALTERNATES

FMPA representatives were present at the Vero Beach City Council meeting last night. FMPA made a presentation on its review of Vero Beach's proposed sale of its customers in Indian River Shores as well as explained FMPA's preliminary option to help Vero Beach exit FMPA projects. The meeting went very well. On behalf of Jacob Williams, this email provides a description of key points in the meeting and provides corresponding video excerpts.

Below are eight highlights from the meeting with links to short video clips. The entire video of the meeting can be found online at: http://verobeachfl.swagit.com/city-council. FMPA's portion starts early in the meeting and lasts approximately two hours.

1. **Vero Beach's Goal, and Good Working Relationships**: Jacob Williams states Vero Beach Mayor Laura Moss has done a good job focusing on Vero Beach's goal of selling its electric utility. Jacob says she understands that all 19 FMPA cities must approve any potential deal, so it is worth having a good relationship. Likewise, Rep. Erin Grall representing Vero Beach has been helpful facilitating positive efforts toward the same goal of selling Vero Electric. Jacob emphasized that if we can all focus on the goal, and not be distracted by other efforts, we can make good progress. [watch video]

2. **Partial Sale**: Jacob Williams states that FMPA and its external stakeholders see no issues with Vero Beach's sale of Indian River Shores customers. Jacob confirms that FMPA's work on the partial sale is complete, unless there is something else that Vero Beach or FPL requests of FMPA. [watch video]

3. **Hold-Harmless Payment**: In describing the preliminary calculation of $76 million that Vero Beach would pay to FMPA cities to take Vero Beach's power obligations, Jacob Williams described that this amount was comparable on a dollar per Megawatt basis to Florida Power & Light's (FPL) recent buyouts of two coal plant power purchase agreements. Councilmember Dick Winger likened Jacob's explanation to obtaining comparables in a real estate transaction, and Winger said, "What we have here is a comparable." In the second clip, Councilmember Lange Sykes referenced FMPA comparables, noted positive progress in the discussions, and said he is looking forward to FPL's offer for the full system. [watch video]

4. **End-of-Life Unit Risk**: Jacob Williams explained that as FMPA talks with Vero Beach about the uncontrollable risks of assuming Vero Beach power obligations, we might find that another entity would be better suited to understand and assume these risks and be able to do so at a lower cost to Vero Beach. Councilmember Winger described

how it might make sense for FPL to assume the end-of-life nuclear risk related to the St. Lucie Project. [watch video]

5. **Risk Adjusted Premium**: Jacob Williams explained the Risk Adjusted Premium of $32 million, and made the point that the amount is equal to Vero Beach's estimated withdrawal payment from the All-Requirements Project. Councilman Dick Winger said this "makes eminent sense to me." He recognized that Vero Beach is giving something, but Vero is getting something, and the same is true for the other FMPA cities. Councilmember Winger said, "What you are proposing is a good business arrangement." [watch video]

6. **FPL's Initial Comments**: FPL's Amy Brunjes stated in her opening remarks that FPL appreciates FMPA's detailed information and quick response. FPL is evaluating the proposal and expects to complete the evaluation in a couple weeks. FPL thinks they could have a contract negotiated with Vero Beach for the full sale within 90 days. [watch video]

7. **FPL's View of Next Steps**: FPL's Brunjes stated that FPL may conceptually differ on some points in FMPA's proposal and would share that with Vero Beach, and she said that FPL is open to considering the St. Lucie liabilities, which would change the valuation. [watch video]

8. **FPL's Final Comments and Clarifications**: FPL's Brunjes clarified that she cannot say that FPL will definitely make an offer for the full system. She said FPL is evaluating it, and maybe within two weeks, FPL would know if it can move forward. Early indications are, she said, that it is potentially workable, but at the end of the day it has to be a win for everyone, and that includes FPL's existing customers. [watch video]

It was a productive meeting. FMPA's information seems to have been clearly received, and the perception of FMPA seems to be improving.

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