

MINUTES
ORLANDO UTILITIES COMMISSION
March 14, 2017
2:00 P.M.

Present:

COMMISSIONERS:

Gregory D. Lee, President
Cesar E. Calvet, First Vice President
Britta Gross, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Maggie Duque, Linda Ferrone, Roseann Harrington,
Chip Merriam, Vice Presidents
Jerry Sullivan, Vice President & Chief Information Officer
Mindy Brenay, Vice President & Chief Financial Officer
W. Christopher Browder, Vice President & General Counsel
Nanci Schwartz, Recording Secretary

President Lee asked Debbie Bradshaw to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:05 P.M.

* * *

President Lee welcomed Britta Gross to the Commission, who was confirmed by the Orlando City Council on February 13, 2017. Ms. Gross thanked the Board for her appointment and stated that she is looking forward to working with OUC.

* * *

On a motion by Mayor Dyer, seconded by Commissioner Calvet and unanimously carried, the reading of the minutes of the January 31, 2017 Commission Meeting was waived and the minutes were approved.

* * *

Clint Bullock presented a 25-year service award to Ron Toporek, Projects Manager, Electric and Water Delivery.

Clint Bullock presented a 20-year service award to Andrew Jenkins, Electrician I, Electric and Water Delivery.

Clint Bullock presented a 20-year service award to Ronnie Wills, Electrician I, Electric and Water Delivery.

Roseann Harrington presented a 20-year service award to Benita Williams, Administrative Assistant III, Marketing, Communications and Community Relations.

* * *

Mr. Ksionek asked Wade Gillingham to provide a presentation regarding the ratification of Affirmative Item A-3 for the Stanton Energy Center Unit 1 HP/IP and LP Turbine Upgrade. Mr. Gillingham provided background information for the project and SEC Unit 1. Mr. Gillingham explained the current HP/IP turbine design as well as the design for the upgraded modern turbine. The previous Unit 2 upgrade resulted in heat rate improvement, annual fuel savings and megawatt improvement. These all exceeded expectations and the Unit 1 improvements are projected to be even higher. Mr. Gillingham provided financial information for the project, in which the hardware cost is estimated to be \$16.3 million and will be installed in Spring 2019. The upgrade supports Strategic Initiatives #1 and #4.

* * *

President Lee announced a conflict of interest with Affirmative Item A-20. President Lee presented the remaining Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Calvet, the Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in November and December 2016 in the aggregate amount \$14,452,856.87 as follows:

NATURAL GAS PURCHASES:

Nov 2016	BP Energy	\$ 506,077.20
Nov 2016	EDF Trading (Formerly Eagle Energy)	\$ 175,738.10
Nov 2016	NJR Energy Service Company	\$ 387,541.80
Nov 2016	Southwest Energy	\$ 332,462.72
Nov 2016	Tenaska Marketing Ventures	\$ 2,346,930.18
Nov 2016	Texla Energy Management, Inc.	\$ 749,330.00
Dec 2016	EDF Trading (Formerly Eagle Energy)	\$ 218,813.53
Dec 2016	Tenaska Marketing Ventures	\$ 2,485,047.15
Dec 2016	Texla Energy Management, Inc.	\$ 453,623.20

COAL PURCHASES:

Nov 2016	Crimson Coal Corporation	\$ 1,365,796.59
Nov 2016	Foresight Coal Sales, LLC	\$ 1,345,499.94
Nov 2016	Santee Cooper	\$ 1,331,352.02
Dec 2016	Crimson Coal Corporation	\$ 1,406,918.09
Dec 2016	Foresight Coal Sales, LLC	\$ 1,347,726.35

2. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Chimney Concrete and Structural Repairs Project in the amount of \$2,900,000, increasing the total project cost to \$3,955,300. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Pullman Power, LLC to provide labor and material to perform Phase 2 concrete and structural repairs services for the Stanton Energy Center Unit 1 chimney in the amount of \$2,820,000, increasing the total Purchase Order amount to \$5,039,300;
3. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Steam Turbine Generator Upgrade Project in the amount of \$26,254,000. Approval of a sole source Purchase Order to Siemens Energy, Inc. to provide material, project management, engineering and technical field services in the amount of \$24,400,000, pending final contract negotiations and OUC legal review;
4. Approval of Change Request No. 1 to the Electric Distribution Construction Estimate in the amount of \$493,422.04 for completion of the Volcano Bay Water Park Project, increasing the total project cost to \$2,763,608.43;
5. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for engineering, procurement and construction support necessary in the amount of \$4,655,000 to complete the Southwood 12kV E Unit and Switchgear Addition Project, increasing the total project cost to \$4,750,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Black & Veatch in the amount of \$555,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$650,000. Approval of Purchase Orders to Central Electric Manufacturing Company for one metal-clad switchgear unit and bus duct in the amount of \$820,000; and SPX Transformer Solutions, Inc. for one transformer in the amount of \$780,000;
6. Approval of RFP #4026 - Contract award to Woolpert, Inc., the lowest, most responsive and responsible vendor, to provide implementation, training and project management services required for the Asset Maintenance Software Project in the amount of \$189,507. Approval of a single source Purchase Order to Azteca Systems LLC for AMMS

software and licenses and five-years of maintenance support in the amount of \$196,975;

7. Approval of a sole source Purchase Order to Siemens Industry, Inc. to continue providing Power Telegyr software licenses and maintenance support services required for the Energy Management System in the amount of \$467,920. The contract term is three years;
8. Approval of an OUC initiated scope change with conforming Change Order No. 3 to Oracle in the amount of \$444,926.30 for renewal of all Oracle database license maintenance and support for the period of April 30, 2017 through April 29, 2018, increasing the total Purchase Order amount to \$1,527,556.07;
9. Approval of a Purchase Order to Insightsoftware.com, Inc. for the Hubble software and implementation services required for the Hubble Reporting, Planning & Analytics Upgrade Project in the amount of \$348,023;
10. Approval of a sole source Purchase Order to Sherman+Reilly, Inc. for the purchase of two Bullwheel Pullers in the amount of \$270,228;
11. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Annan Landscape Co. in the amount of \$150,000 to continue providing landscape maintenance services and provide sustainability upgrades through April 30, 2018, increasing the total Purchase Order amount to \$701,960;
12. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Frank Gay Plumbing, Inc. in the amount of \$50,000 to continue providing plumbing services through May 18, 2018, increasing the total Purchase Order amount to \$139,000;
13. Approval of RFP #4296 - Contract award to The North Highland Company, LLC, the most responsible and responsive vendor, to provide Procurement process improvement consulting services in the amount of \$384,549;
14. Approval of Change Request No. 2 to the Capital Expenditure Estimate in the amount of \$400,000 to provide additional equipment and installation services required for the electronic security system, increasing the total project cost to \$2,350,000. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Converjint in the amount of \$500,000 to continue providing maintenance, replacement and equipment for the electronic security

system through January 6, 2018, increasing the total Purchase Order amount of \$2,950,000;

15. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Cornerstone in the amount of \$114,368 to continue providing user licenses and system support for the Talent Management System through March 31, 2018, increasing the total Purchase Order amount to \$468,368;
16. Approval of additional funding in the amount of \$100,000 with conforming Change Order No. 1 to Klausner, Kaufman, Jensen & Levinson for benefit planning fees and legal services through September 30, 2017, increasing the total Purchase Order amount to \$150,000;
17. Authorization for the General Manager & CEO to execute the Release of Easement for property located north of Via Mercado and west of Universal Boulevard;
18. Authorization for the General Manager & CEO to execute the Release of Easement for property located north of Aerospace Parkway and east of Monument Parkway;
19. Authorization for the General Manager & CEO to execute the Release of Easement for property located north of Orange Center Boulevard and east and west of Texas Avenue; and
20. Pulled for separate vote.

President Lee presented Affirmative Item A-20 for approval. On a motion by Mayor Dyer and seconded by Commissioner Calvet, Affirmative Item A-20 was approved as follows:

20. Authorization for the General Manager & CEO to execute the Release of Easements for property located south of Kaley Street and east of South Division Avenue.

President Lee abstained from the vote.

* * *

President Lee reported that the Finance Committee held its regular meeting on February 16, 2017. The Committee reviewed the Treasury and Energy Risk

Management Reports for the quarter ending December 31, 2016 as well as the 2016 Annual Reports.

The Committee re-appointed Clint Bullock as a member of the Energy Risk Management Oversight Committee through December 31, 2019.

The Committee reviewed key results from the Series 2017A fixed refunding of the outstanding 2011A bonds as well as the partial unwind of the associated interest rate swap.

The Committee considered a Standby Bond Purchase Agreement (SBPA) Replacement Resolution (Resolution) to replace the current SBPA on or before its termination date of April 7, 2017. Competitive bids were solicited and it was determined that TD Bank provided the best response regarding price, term and credit worthiness. In addition to the Resolution, the Committee also reviewed associated key documents including the form of the SBPA, the re-offering circular and an updated continuing disclosure agreement. The Committee recommends approval of the authorization of the SBPA Replacement Resolution for a five-year facility with TD Bank.

The Committee also considered a recommendation to remove four approved broker/dealers from the investment rotation due to poor performance and replace with four others, which includes two regional and two regional MWBE firms. The Committee revised the recommendation to remove three of the four firms from the rotation and add the four new firms and review a comparative analysis of all approved firms performance to better understand rationale. Upon motion and Committee approval, three firms were removed from the rotation and four firms were added.

On a motion by Commissioner Calvet and seconded by Mayor Dyer, PRES-1a was adopted as follows:

PRES-1a A resolution of the Orlando Utilities Commission authorizing the replacement of a Standby Bond Purchase Agreement issued by J.P. Morgan Chase Bank, National Association, as liquidity provider with respect to its Utility System Revenue Bonds, Series 2008; approving the form of an alternate Standby Bond Purchase Agreement with TD Bank, N.A., and delegating to authorized officers the authority to negotiate and finalize the terms thereof; approving the form of a reoffering circular; approving the form of an amended and restated Continuing Disclosure Agreement; authorizing the payment of costs of issuance related to the transactions described herein; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance of the alternate liquidity facility; providing certain other matters in connection therewith; and providing an effective date.

* * *

Mindy Brenay stated that the January Financial Report is included in the Commissioners' packet. Current February financials reflect very mild weather, resulting in revenue that is slightly lower than budget. If the trend of warmer than normal weather continues, the revenue shortfall should be recovered later in the year. Pro forma financial information will be presented at the March Audit Committee Meeting.

* * *

Desta Horner spoke about OUC's sustainability efforts and encouraged the increased use of solar and renewable energy.

Tony Buscemi spoke about OUC's sustainability efforts and encouraged the increased use of solar and renewable energy.

* * *

Mr. Ksionek asked Byron Knibbs to provide a presentation regarding OUC's Floating Solar Pilot Project. Mr. Knibbs stated that a 31 kW array, located on a pond adjacent to the Gardenia Operations Center, will produce enough power for five homes and is the first grid-connected floating solar project in the Southeast United States. Installation took two days and was completed on Friday, February 10. The research goals for the pilot project include performance of photovoltaic panels on water, the integrity of the floating structure over time and the environmental impact on the pond. Mr. Knibbs explained the potential for other floating solar arrays across the 9,000 ponds and lakes in Orange and Osceola Counties. OUC will evaluate and develop floating solar projects with major customers. OUC plans to develop another floating solar pilot project to study the efficiency of bifacial solar panels.

Mayor Dyer asked if the array is anchored in any fashion and how wildlife is deterred from crawling on the array. Mr. Knibbs replied that the array is anchored at several points by submerged aquatic cables and that the panels are elevated above the supporting platform. Wildlife activity will be monitored at the Gardenia facility.

Commissioner Gross asked if this is a known technology around the world and what percentage of ponds would be able to sustain floating solar arrays. Mr. Knibbs stated that this is a known technology, but most of the arrays around the world are in Europe and Asia. There have been no extensive studies on effects of floating solar arrays in the US and OUC will be conducting studies at the Gardenia facility.

* * *

Mr. Ksionek asked Maggie Duque to provide a presentation regarding the new Bill Print Design Project, which successfully launched on March 3-4. The new design was originally scheduled to go-live with the Customer Care and Billing (CC&B) Project, but was accelerated to work with the current PSERM system. The accelerated timeline allows customers and operations to become familiar with the new bill design in order to address customer feedback, new bill print issues and mitigate system implementation risk prior to CC&B go-live. Ms. Duque provided comparisons between the old and new bill print design for both residential and commercial customers. Key success factors for this project included customer focus groups, comprehensive testing, employee engagement, extended call center hours of operation and increased customer communications. Ms. Duque thanked Kris Hunter, Denny Sauer, Kate Lindstrom, Theresa Aleguas, Bernadette Mural, Mike Matthews and teams from various departments for their work on the project.

* * *

Mr. Ksionek asked Chip Merriam to provide a Legislative Update. Mr. Merriam discussed the state legislative priorities for the current session. There have been 2,920 bills filed, more than any session over the past 15 years, and OUC is tracking 120 bills that could impact the organization. Mr. Merriam discussed the Advanced Wireless Infrastructure Deployment Act, which would allow attachments to OUC infrastructure at no cost and would make OUC liable for any damages. Mayor Dyer commented that this bill would create a lack of regulatory authority.

Commissioner Calvet inquired who filed the bill. Mr. Merriam responded that Senator Travis Hutson and Representative Mike La Rosa filed the bills in the Senate and House, respectively. He also explained that the bills were only assigned to two committees for quick passage, and that there is significant communications industry support for the bill.

Commissioner Gross asked whether precedent has been set in other states. Mr. Merriam explained an attempt in Missouri that resulted in raising the monetary limit on the amount utilities can charge other entities for pole attachments.

Mr. Merriam discussed other key legislative issues for OUC, including the Public Notice of Pollution Act, representation by public counsel, linear facilities, local regulatory pre-emption, advanced well stimulation (fracking), public records, renewable energy source devices, concealed weapons or firearms during government meetings, drone use around power plants, reclaimed potable water and PSC term reform. He also discussed several key federal issues.

* * *

Mayor Dyer welcomed Ms. Gross to the Board. He praised the new bill print design. He discussed the upcoming events in Orlando as well as his recent time at the South by Southwest Conference.

Commissioner Calvet welcomed Ms. Gross to the Board and congratulated the Service Award recipients. He praised Ms. Brenay on the TD Bank transaction and Ms. Duque on the new bill print design.

Commissioner Gross thanked Ms. Harrington for sharing her story about Benita Williams' efforts after the Pulse shooting and thanked the efforts of the organization as a whole during that time. She congratulated all the Service Award recipients and noted the high retention rate among the organization. She commented on the new bill print design and thanked Mr. Gillingham and Mr. Merriam for their presentations. She also thanked Ms. Horner and Mr. Buscemi for their comments on sustainability.

President Lee welcomed Ms. Gross to the Board. He thanked Ms. Bradshaw for the invocation and noted that this is her last invocation prior to retiring in May. He wished everyone a happy and safe St. Patrick's Day. He praised the Service Award recipients and thanked everyone for their presentations.

* * *

President Lee adjourned the meeting at 3:39 P.M.

President

Secretary