

MINUTES
ORLANDO UTILITIES COMMISSION
April 11, 2017
2:00 P.M.

Present:

COMMISSIONERS:

Gregory D. Lee, President
Cesar E. Calvet, First Vice President
Dan Kirby, Second 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 Ron Toporek to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:04 P.M.

* * *

On a motion by Mayor Dyer, seconded by Commissioner Kirby and unanimously carried, the reading of the minutes of the March 14, 2017 Commission Meeting was waived and the minutes were approved.

* * *

Jerry Sullivan presented a 30-year service award to Bobby Nelson, Information Technology Director, Information Technology.

Clint Bullock presented a 20-year service award to Lee Hale, Lighting Coordinator, Electric and Water Delivery.

* * *

Roseann Harrington discussed OUC's second annual community volunteer project at the Orlando VA Medical Clinic at Lake Baldwin. She also announced that the OUC Orlando Half Marathon received Silver Certification from the Council for Responsible Sport. She recognized John and Betsy Hughes and Natalie Casey for working with OUC on the certification. Ms. Casey presented President Lee with the official Silver Certification.

* * *

Commissioner Kirby requested clarification regarding the scope of Affirmative Item A-4. Mr. Sullivan responded that the scope includes staff augmentation for server patching. OUC does not have this capability and the work must be outsourced.

President Lee presented the 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 January 2017 in the aggregate amount \$7,665,340.61 as follows:

NATURAL GAS PURCHASES:

Jan 2017	BP Energy	\$ 797,075.00
Jan 2017	EDF Trading (Formerly Eagle Energy)	\$ 375,103.60
Jan 2017	Macquarie Cook Energy, LLC	\$ 208,710.00
Jan 2017	NJR Energy Service Company	\$ 211,585.70
Jan 2017	Shell Energy	\$ 253,125.00
Jan 2017	Southwest Energy	\$ 443,624.85
Jan 2017	Tenaska Marketing Ventures	\$ 3,536,938.71
Jan 2017	Texla Energy Management, Inc.	\$ 1,839,177.75

2. Approval of RFP #4298 - Contract award to Dis Tran Steel, LLC, the lowest, most responsive and responsible vendor, to supply steel transmission poles required for Phase 1 of the Taft to Stanton 230kV Transmission Corridor Upgrade Project and the Holden to Michigan 115kV Relocation and Upgrade Project in the aggregate amount of \$840,000;
3. Approval of a sole source Purchase Order to NiSoft LLC for software and implementation services required for the Eclipse Upgrade Project In the amount of \$197,678;

4. Approval of a Purchase Order to Yash Solutions to provide a Senior Server Administrator to support the Energy Management System and Water Production Plant systems for a one-year period in the amount of \$218,400;
5. Approval of an OUC initiated scope change with conforming Change Order No. 1 to Oracle Corporation for CC&B database license rental for the period of April 18, 2017 through April 17, 2018 in the amount of \$110,256.30, increasing the total Purchase Order amount to \$203,355.60;
6. Approval of an OUC initiated scope change and conforming Change Order No. 3 to AdvizeX Technologies LLC to provide patching services for the Special Server Patching Project through June 30, 2018 in the amount of \$136,075, increasing the total Purchase Order amount to \$413,330.;
7. Approval of RFP #4334 - Contract award to Progressive Waste Solutions of FL, Inc., the lowest, most responsive and responsible vendor, for solid waste disposal and recycling services in the amount of \$350,000. The contract term is three years with two one-year renewal options;
8. Approval of an OUC initiated scope change and conforming Change Order No. 1 to HRCatalyst, Inc. in the amount of \$20,000 for the development of competency based interview guides required for Phase III of the Competency Modeling Project, increasing the total Purchase Order amount to \$115,000;
9. Approval of an OUC initiated scope change and conforming Change Order No. 3 to YMCA of Central Florida in the amount of \$80,000 to continue providing wellness initiative programs for active and retired employees through August 28, 2018, increasing the total Purchase Order amount to \$119,000;
10. Approval an OUC initiated scope change and conforming Change Order No. 1 to Gray Robinson, P.A. to continue providing Commission-wide legal services through September 30, 2017 in the amount of \$150,000, increasing the total Purchase Order amount to \$245,000;

11. Authorization for the General Manager & CEO to execute the Partial Release of the Lighting Service Agreement, for property located north of Hazeltine National Drive and east of Shadowridge Drive;
12. Approval of an OUC initiated scope change and conforming Change Order No. 2 to AMEC Foster Wheeler; AECOM, Inc.; CH2mHill; GHD Services, Inc.; Golder & Associates; HSW Engineering; and TetraTech in the aggregate amount of \$1,000,000 to continue providing environmental engineering services for a one-year period, increasing the aggregate Purchase Order amount to \$7,700,000; and
13. approval of a Purchase Order to Headwaters Construction Materials, LLC to provide maintenance services at the Stanton Energy Center Combined Waste Storage Area under an existing Alliance Agreement for a three-year period in the amount \$940,500.

* * *

Commissioner Calvet reported that the Audit Committee conducted its regular meeting on March 27, 2017. Internal Audit activities were presented to the Audit Committee, including an overview of recently completed Internal Audit reports.

Economic Development Guidelines for the utilization, reporting and replenishment of rate stabilization funds were presented to the Committee. The Audit Committee approved these guidelines and will review Economic Development Fund activity along with the Guidelines on an annual basis.

Changes to the Procurement Policy were presented for recommendation to the Board. The Procurement Policy changes include editorial changes, updated roles and responsibilities, and clarification of procurement requirements in conjunction with Florida Sunshine Law. In addition, the 2016 annual diversity spend report was presented.

A proposal to extend the current contract for external audit services with Ernst & Young for one year was reviewed. The Audit Committee recommends approval of the one-year extension of the Ernst & Young contract at a cost of \$371,000.

The Committee also reviewed and approved an accounting regulatory action for the deferral of costs associated with the partial unwind of the fixed rate swap underlying the Series 2011A *Windows* Bonds. This action ensures that the costs are recovered in the customer rates consistent with OUC's financial planning model.

OUC's financial performance for the five months ending February 2017 was reviewed including a projection of annual results for Fiscal Year 2017. Income before contributions for Fiscal Year 2017 is expected to be \$1.0 million below budget at \$95.0 million.

Mindy Brenay provided a presentation providing background information regarding the interest rate swap as well as accounting actions.

The Audit Committee recommends Commission approval of: 1) the Procurement Policy Updates; 2) the one-year extension of the Ernst & Young contract for external audit services; and 3) the regulatory action for the interest rate swap.

Commissioner Kirby inquired about a change in the Procurement Policy on Line 4f which switches responsibility from the General Manager or Designee to general OUC staff. Mr. Browder stated that while the General Manager is ultimately responsible from the level down, there was concern that under the previous policy the General Manager was required to delegate for specific actions. The more generic description below Board-level approval would prevent the need for specific delegation.

Commissioner Kirby also inquired about a reference to the Consultants' Competitive Negotiation Act that was removed in Line 11a. Ms. Brenay explained that the reference to CCNA was not removed, but rather the language was clarified on the operating procedures.

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

PRES-1a Approval of the attached redline changes to the Procurement Policy.

Commissioner Kirby voted against the motion.

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

PRES-1b Approval of an OUC initiated scope change and conforming Change Order No. 2 to Ernst & Young in the amount of \$371,000 to continue providing external auditing services through July 31, 2018, increasing the total Purchase Order amount to \$1,768,500.

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

PRES-1c Approval of the immediate recognition of the premium bond proceeds from the Series 2017A Bonds and the deferral of the net residual value of the fair value of the swap of \$11.9 million

Commissioner Kirby requested that the Commissioners receive a copy of the diversity spend document. Commissioner Calvet stated that the document would be reviewed more than once per year going forward.

* * *

Mindy Brenay stated that the February Financial Report is included in the Commissioners' packet. In February, OUC was \$4.1 million behind budget on electric retail sales. Preliminary March information shows that electric retail sales are \$6.6 million below budget. Ms. Brenay provided a presentation explaining the variance in budget. She explained that residential electric sales are more heavily impacted by weather. In 2017, heating degree days were at a 35-year low, or 60 percent below normal. Residential electric retail sales are \$5.0 million below budget. Commercial electric retail sales are more impacted by cooling degree days, and therefore are currently \$1.6 million below budget. Lagging growth below forecasted data and Hurricane Matthew are the primary drivers of this variance. However, residential customer growth is on target.

The Proforma income before contributions is projected to meet the budget. Impacts of abnormal weather are expected to be mitigated by lower operating costs. Regional economic conditions continue to support the revenue forecast model. Residential and commercial customer growth continues to outpace the impacts of conservation and technology efficiencies. The upcoming electric rate workshop will explore rate alternatives as well as opportunities to reduce weather-related risk within the rate-making model.

Commissioner Calvet thanked Ms. Brenay for the financial presentation.

Commissioner Kirby expressed excitement for the upcoming rate workshop. He inquired whether OUC measures growth in terms of consumption as opposed to customer count. Ms. Brenay stated that growth is measured on both active services and the number of new customers signing up for services in OUC territory. OUC's number of customers is eclipsing conservation and efficiency factors, which are built into the budget model.

* * *

Mr. Ksionek asked Kevin Burns and Lisa Curran to provide a presentation on Water Conservation Projects and Community Outreach. Mr. Burns provided background information on Home Utility Reports and the Water Education and Awareness Program. Mr. Burns also discussed Water Conservation Surveys and Rebates offered by OUC. More progressive projects include the Gardenia Rain Harvest Garden and Living Wall, which benefit both customers and employees and demonstrate appropriate use of natural resources. Mr. Burns thanked the Marketing Department for their help on both of these demonstration projects.

Ms. Curran discussed OUC's educational programs, such as the Water Color Project and Project A.W.E.S.O.M.E., which educate students on water conservation. OUC also holds many community events with a water conservation or sustainability component, including the OUC Orlando Half Marathon, Hispanic Expo, Earth Day, the Annual Plant and Garden Festival and the Neighborhood and Community Summit. OUC also provides water sustainability features such as hydration stations at local community parks and athletic facilities. Ms. Curran thanked the Sustainability, Conservation, Marketing, Creative Services, Communications and Community Relations teams for their work on all of these programs.

President Lee read aloud a Proclamation declaring April to be Water Conservation Month.

* * *

Mr. Ksionek asked Chip Merriam to provide a Legislative Update. Mr. Merriam discussed state legislative issues and bills that would impact OUC, including Everglades and water storage south of Lake Okeechobee, the Advanced Wireless Infrastructure Deployment Act, the Public Notice of Pollution Act, the Public Counsel bill and PSC reform, Advanced Well Stimulation, Public Records bill, Drone bill, Gainesville Regional Utilities Authority, the City of Key West, and reclaimed water and potable reuse.

* * *

Commissioner Gross praised OUC for the Gardenia Living Wall and community outreach programs. She thanked Mr. Burns and Ms. Curran for their presentation.

Commissioner Calvet thanked Mr. Toporek for his invocation. He congratulated Mr. Nelson and Mr. Hale on their Service Awards. He noted that the interest rate swap was a good financial move for OUC. He praised the educational programs for water conservation.

Mayor Dyer stated that the City of Orlando also adopted a proclamation declaring April as Water Conservation Month. He stated that the City is redesigning its flag and invited people to vote on the finalists on the City website.

Commissioner Kirby welcomed Commissioner Gross to the Board. He thanked OUC on behalf of his fifth grader for Project A.W.E.S.O.M.E. He complimented OUC on receiving the Silver Certification for the OUC Orlando Half Marathon. He commented on the Gardenia projects. He congratulated Mr. Nelson and Mr. Hale for their Service Awards. He commented on a recent cyber attack on the City of Dallas and praised OUC for warding off cyber threats. He wished everyone a good Water Conservation Month.

President Lee thanked Ms. Harrington, Mr. Burns, Ms. Curran, Ms. Brenay and Mr. Merriam for their presentations. He congratulated Mr. Nelson and Mr. Hale for their Service Awards. He praised OUC for the community outreach project as well as the water conservation programs and sustainable initiatives.

* * *

President Lee adjourned the meeting at 3:20 P.M.

President

Secretary