

**MINUTES  
ORLANDO UTILITIES COMMISSION  
October 13, 2015  
2:00 P.M.**

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**Present:**

**COMMISSIONERS:**

Linda Ferrone, President  
Gregory D. Lee, First Vice President  
Dan Kirby, Immediate Past President  
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer  
Jan Aspuru, Clint Bullock, Maggie Duque, Roseann Harrington, Byron Knibbs,  
Chip Merriam and Rob Teegarden, Vice Presidents  
Jerry Sullivan, Vice President & Chief Information Officer  
John H. Hearn, Vice President & Chief Financial Officer  
W. Christopher Browder, Vice President & General Counsel  
Nanci Schwartz, Recording Secretary

President Ferrone asked Debbie Bradshaw to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:06 P.M.

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On a motion by Mayor Dyer, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the August 25, 2015 Sustainability Workshop Minutes was waived and the minutes were approved. On a motion by Commissioner Lee, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the August 25, 2015 Commission Meeting was waived and the minutes were approved.

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Clint Bullock presented a 25-year service award to Craig Wiedenhofer, Lead Relay Technician, Electric and Water Delivery.

Clint Bullock presented a 20-year service award to Jeff Mann, Manager, Construction & Maintenance, Electric and Water Delivery.

Maggie Duque presented a 20-year service award to Angel Anderson, Customer Account Analyst I, Customer Service.

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Roseann Harrington thanked everyone for participating in Pink October.

Ms. Harrington announced that 43 OUC employees and family members participated in the 6th annual Ride-4-Ronald at Lake Nona. OUC raised over \$11,000 and received the first place trophy for its fundraising efforts. Clint Bullock, who serves as the chairman of the board for the Ronald McDonald House, was recognized for raising over \$5,000, the second highest amount individually.

Ms. Harrington announced that Erick Rocher and Queen Massaline were named 2015 Adult Achievers by the YMCA of Central Florida.

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Mr. Ksionek asked Clint Bullock to provide a presentation on Affirmative Item A-11 regarding the All Aboard Florida Project. All Aboard Florida (AAF), a subsidiary of Florida East Coast Industries, was awarded the rail project on May 21, 2014 to connect Miami with the Orlando International Airport (OIA). The project is expected to be completed by Summer 2017. Several OUC facilities at OIA will require relocation. AAF will be financially responsible for all the conflicts, while OUC will pay for any infrastructure upgrades that may occur as a result of relocation. Mr. Bullock presented renderings of the future AAF facilities as well as an area map indicating rail line placement and OUC conflicts. Conflicts with the AAF rail line include an electric distribution overhead line, a 20 inch water main, an underground transmission line and a distribution manhole duct line. OUC will also provide new service to the Vehicle Maintenance Facility, as well as lighting design and construction to the Greater Orlando Aviation Authority. OUC is currently finalizing engineering designs for work packages. Mr. Bullock advised the Board that additional agenda items will be forthcoming for this project.

Commissioner Lee asked about the timeline for future agenda items. Mr. Bullock replied that his group will present several agenda items within the next three to six months. Conflicts will need to be addressed within the next year.

President Ferrone inquired if OUC has assigned a Project Manager to oversee this work. Mr. Bullock answered that Ron Toporek, who is also overseeing the I-4 Ultimate Project, has been assigned as Project Manager.

President Ferrone also asked if there were any risks involved with OUC working with a private organization for this project. Mr. Bullock responded that OUC will ensure that standards are being met, and all inspections will be being performed according to the AAF schedule.

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Mr. Ksionek asked Byron Knibbs to provide a presentation on Affirmative Item A-14 regarding the One Person, One Tree Program implemented by the City of Orlando and OUC. Planting additional trees within the City will help improve air quality, decrease stormwater runoff and increase shade canopy, which contribute to conservation goals. Customers wishing to participate in the program will utilize the Energy Saving Tree Program web portal to determine which tree to plant and place their order. Trees will be mailed to customers with instructions for safe care and planting. Mayor Dyer will launch the program on November 13. President Ferrone encouraged the Commissioners to attend the launch event.

Mayor Dyer stated that the One Person, One Tree program will help contribute to the long-term goal of increasing the City's tree canopy from 25 percent to 40 percent.

Commissioner Kirby praised the program, but inquired about concerns with trees creating problems with power lines in the future. Mr. Knibbs stressed the importance of customers utilizing the web portal to determine where to plant trees on their property. OUC data pertaining to overhead lines will be incorporated into the software in the future.

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Mr. Ksionek also asked Byron Knibbs to provide a presentation on Affirmative Item A-15 regarding the Water Education Awareness Program & Landscape Irrigation Modification Services. This program takes the place of OUC's Water Education and Enforcement Program, which used a contractor to identify customers irrigating their lawns on incorrect days. This created problems such as entering gated communities and providing multiple notices to the same customer. The new program will improve on the previous program's deficiencies by utilizing data provided by AMI water meters. The goal of the new program is to increase awareness and educate customers on appropriate watering usage analytics, target customers based on usage patterns, leverage contractors to provide recommendations and implement solutions and promote OUC rebates to offset costs. Mr. Knibbs thanked Debbie Bradshaw for informing him about a St. Johns River Water Management District (SJRWMD) grant to assist OUC in paying for this program. OUC was ranked Number 7 total and Number 1 in Conservation and received a total grant of \$369,397.

President Ferrone asked for clarification regarding the requested action on the agenda item. Mr. Knibbs responded that OUC is requesting funds for the three vendors only.

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Mr. Ksionek asked Jerry Sullivan to provide a presentation on Affirmative Item A-26 regarding Problem Solving and Process Improvement. Mr. Sullivan stressed the need for continuous improvement as well as a common framework and language throughout the Commission. Mr. Sullivan explained how this Total

Quality Management (TQM) pertains to Strategic Initiative 3. Certain programs such as problem solving, process improvement, project management and change management have already been implemented. TQM tools and frameworks create a common language while developing a consistent approach. Mr. Sullivan described the training curriculum and timeline, starting with process improvement, moving to project management and finishing with problem solving.

Commissioner Kirby inquired how many employees will participate in this training. Mr. Sullivan responded that 30 percent of non-craft employees will complete the training. At that time it will be determined whether to continue training for more employees, but it is intended that participants will then spread their knowledge base throughout the Commission.

Commissioner Kirby asked if curriculum will be customized for OUC. Mr. Sullivan explained that OUC chose to use standard curriculum because of its proven track record, ease of understanding and ability to be used throughout the Commission. He added that updates on training are provided regularly to Senior Staff.

Commissioner Kirby inquired about how the success of the program will be determined. Mr. Sullivan responded that staff will track results on a micro level.

President Ferrone asked about the grander goal of the program and requested that Mr. Sullivan update the Board on future progress. Mr. Sullivan responded that all of Senior Staff and middle management will participate in the training, resulting in a culture change throughout the organization.

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Commissioner Ferrone asked if OUC has been satisfied with the services provided for Affirmative Item A-22, regarding the Temporary Staffing Support and Management Services. Mr. Browder responded that Agile1 has met OUC's expectations, and German Romero added that the vendor has provided reduced rates, has assisted OUC in searching for new vendors and has been instrumental in Affordable Care Act compliance for contract labor. OUC will issue a new request for proposals for these services within the following year.

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Commissioner Kirby announced a conflict of interest with Affirmative Item A-11. President Ferrone presented the remaining Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Kirby, the remaining Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in June and July 2015 in the aggregate amount \$18,931,686.06 as follows:

**NATURAL GAS PURCHASES:**

Jun. 2015	BG Energy	\$1,184,980.85
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Jun. 2015	BP Energy	\$ 433,285.50
Jun. 2015	EDF Trading (Formerly Eagle Energy)	\$1,187,029.62
Jun. 2015	Enbridge Marketing, LP	\$ 460,676.48
Jun. 2015	ENI USA Gas Marketing	\$ 803,301.80
Jun. 2015	Infinite Energy	\$ 399,740.18
Jun. 2015	Macquarie Cook Energy, LLC	\$ 298,384.92
Jun. 2015	NJR Energy Service Company	\$ 193,280.58
Jun. 2015	Tenaska Marketing Ventures	\$2,191,627.37
Jun. 2015	Texla Energy Management, Inc	\$2,645,229.51
Jul. 2015	BG Energy	\$1,186,033.46
Jul. 2015	BP Energy	\$ 359,435.08
Jul. 2015	EDF Trading (Formerly Eagle Energy)	\$1,222,238.36
Jul. 2015	Enbridge Marketing, LP	\$ 543,756.74
Jul. 2015	ENI USA Gas Marketing	\$ 730,426.78
Jul. 2015	Infinite Energy	\$ 471,966.22
Jul. 2015	Tenaska Marketing Ventures	\$2,694,623.22
Jul. 2015	Texla Energy Management, Inc	\$1,925,669.39

2. Ratification of RFP #3986 - Contract award to King-Murray Operating Company, LLC, the lowest, most responsive and responsible vendor, to provide maintenance associated with the Stanton Energy Center Units 1 & 2 and Combined Cycle Unit B natural gas meter stations in the amount of \$287,100. The contract term is three years with two one-year renewal options, beginning October 1, 2015;
3. Approval of Change Request No. 1 to the Electric Distribution Construction Estimate in the amount of \$785,000 for engineering, procurement and construction support necessary to complete the John E. Drury Landfill Gas-to-Energy Project, increasing the total project cost to \$5,535,000;
4. Approval of three Electric Distribution Construction Estimates for the distribution interconnection facilities for the 12 MW Stanton Solar Photovoltaic Project in the aggregate amount of \$1,171,945.60;
5. Approval of a Substation Capital Expenditure Estimate for engineering, procurement and construction support necessary to complete the Turkey Lake Substation Breaker Replacement Project in the amount of \$600,000;
6. Authorization for the General Manager & CEO to execute the Utility Work by Highway Contractor Agreement with the Florida Department of Transportation for the South Orange Avenue Drainage Improvements Project. Approval of a Water Distribution Construction Estimate for construction, administration and inspection costs for the South Orange Avenue Drainage Improvements Project in the amount of \$898,234.21. Approval of a Purchase Order to the Florida Department of Transportation for reimbursement of construction costs in the amount of \$675,616.98;

7. Approval of RFP #3903 - Contract award to West Florida Maintenance, Inc., the lowest, most responsive and responsible vendor, to provide fire hydrant and electrical devices painting services in the amount of \$154,785. The contract term is three years with two one-year renewal options;
8. Approval of RFP #3998 - Contract award to Energy Erectors, Inc., the lowest, most responsive and responsible vendor, to perform substation construction services for the above referenced five substation project in the aggregate amount of \$2,750,000;
9. Approval of SOQ #3883 - Contract award to Black & Veatch, the most responsive and responsible engineer, for preliminary engineering services to determine the full scope of the Taft to Stanton 230kV Transmission Corridor Upgrade Project in an amount not to exceed \$300,000;
10. Approval of a Purchase Order to KEMCO Industries, LLC for substation switchboard panels required for the Pine Hills 35kV E Unit Addition & Switchgear Replacement Project in the amount of \$300,000;
11. Pulled for separate vote;
12. Approval of a sole source Purchase Order to Doble Engineering Company to provide substation test equipment and support services in the amount of \$169,061.30. The contract term is three years with one two-year renewal option;
13. Approval of an OUC initiated scope change and conforming Change Order No. 2 to CSG Systems, Inc. in the amount of \$345,000 to continue providing bill print services through July 2016, increasing the total Purchase Order amount to \$2,745,000;
14. Approval of a Purchase Order to the City of Orlando's Strengthen Orlando Inc. Fund to participate in the One Person, One Tree Program in the amount of \$200,000. The agreement term is four years;
15. Approval of RFP #4006 - Contract awards to Massey Services, Inc.; Clear Water Products & Services Inc.; and Cato Environmental, the most responsive and responsible vendors, to provide a Water Education Awareness Program and Landscape Irrigation Modification Services in the aggregate amount of \$157,500, pending final contract negotiations and OUC legal review. The contract term is two years with two one-year renewal options;
16. Approval of a sole source Purchase Order to E2 Walls, Inc. to provide ongoing demountable wall system components and installations as

needed for the Gardenia and Pershing facilities in the amount of \$300,000;

17. Approval of an OUC initiated scope change and conforming Change Order No. 2 to SimplexGrinnell LP in the amount of \$90,000 to continue to monitor, inspect and maintain the 24-hour fire and burglar alarm systems through September 16, 2016, increasing the total Purchase Order amount to \$302,746;
18. Approval of RFP #4001 - Contract awards to Don Reid Ford for the purchase of fifteen vehicles in the amount of \$512,584, Jarrett Gordon Ford, Inc. for the purchase of thirteen vehicles in the amount of \$457,225, and Mullinax Ford of Osceola County for the purchase of nine vehicles in the amount of \$216,972, the lowest, most responsive and responsible vendors, for an aggregate amount of \$1,186,781;
19. Approval of additional funding in the amount of \$350,000 with conforming Change Order No. 1 to Public Financial Management, Inc. to continue providing financial advisory services through Fiscal Year 2016, increasing the total Purchase Order amount to \$600,000;
20. Approval of a Purchase Order to Aetna Life Insurance Company for a total estimated medical program cost of \$24,667,610 for benefit rates effective January 1, 2016;
21. Approval of the reappointment of Greg Rodeghier to the Board of Trustees of the OUC Pension Plan, effective January 1, 2016, for a term ending on December 31, 2020;
22. Approval of an OUC initiated scope change and conforming Change Order No. 5 to Agile 1 in the amount of \$4,600,000 to provide for temporary staffing support and management services through December 2016, increasing the total Purchase Order amount to \$24,083,720;
23. Approval of a Purchase Order to de la Parte & Gilbert, P.A. to provide legal services related to various water resource issues during Fiscal Year 2016 in the amount of \$350,000;
24. Authorization for the General Manager & CEO to execute the Partial Release of Easement for Watercrest of Lake Nona Village II, LLC located south of Lake Nona Village Place;
25. Approval of a sole source Purchase Order to Oracle America, Inc. for annual software maintenance and support of Oracle Utilities software through October 26, 2016 in the amount of \$406,702.75;

26. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Organizational Dynamics, Inc. in the amount of \$171,460 for facilitator and team member Problem Solving training, increasing the total Purchase Order amount to \$249,012.72;
27. Approval of an OUC initiated scope change and conforming Change Order No. 1 to AdvizeX Technologies LLC for Phase 2 of the Special Server Patching Project in the amount of \$86,680, increasing the total Purchase Order amount to \$141,180; and
28. Approval of an OUC initiated scope change and conforming Change Order No. 9 to CDW-Government LLC in the amount of \$59,698.40 to purchase sixteen additional VMware software licenses, increasing the total Purchase Order amount to \$516,786.07.

On a motion by Commissioner Lee and seconded by Mayor Dyer, Affirmative Item A-11 was approved as follows:

11. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$1,925,000 for engineering, procurement and construction support necessary to complete the State Road 528 Transmission Line Relocation Project, increasing the total project cost to \$2,000,000. Authorization for the General Manager & CEO to execute the Engineering and Construction Reimbursement Agreement with All Aboard Florida for actual project cost in the approximate amount of \$2,000,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Black & Veatch in the amount of \$195,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$265,000.

Commissioner Kirby previously announced a conflict of interest and abstained from the vote.

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Commissioner Lee reported the Audit Committee conducted its regular meeting on September 24, 2015. Internal Audit activities were presented to the Audit Committee, including an overview of six recently completed Internal Audit reports.

Ernst & Young provided an interim update of the 2015 audit process.

The Audit Committee reviewed financial performance for the eleven months ending August 2015 including a projection of annual results for Fiscal Year 2015. Income before contributions for Fiscal Year 2015 is expected to be \$96.4 million, or \$8.4 million higher than the annual budget.

During the meeting, the Audit Committee reviewed and approved three regulatory accounting actions.

The first action is to defer retail revenue of \$13.8 million to the Electric Base Rate Stabilization Fund for subsequent recognition over a five year period. This action will enable OUC to offset one-time costs as approved in the Fiscal Year 2016 budget, mitigate anticipated cost increases expected in conjunction with environmental regulation and sustainability efforts and support economic development within the guidelines of OUC's economic development rider.

The second action results from the FDOT imposed eminent domain action on a portion of the Gardenia property which resulted in an \$0.8 million gain. In accordance with the policy on Accounting Treatment of Disposal of Capital Assets, any sale of assets that results in a gain in excess of \$0.5 million will be deferred as Renewal and Replacement funds. The funds will be used to mitigate future capital spending related to the I-4 Ultimate project over the next five years.

The third action is related to the new pension accounting and reporting requirements on OUC's financial statements. Implementation of the new pension accounting would require a net charge of \$117.7 million in the current year. The regulatory action will defer the \$117.7 million charge and allow for recovery of these costs through the rate-making process over the next ten years.

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

PRES-1a Approval to recognize a regulatory asset of \$117.7 million related to implementation of new pension accounting guidance and allow for the planned recovery of these costs over future periods not to exceed ten years.

On a motion by Commissioner Lee and seconded by Mayor Dyer, PRES-1b was approved as follows:

PRES-1b Approval of the Regulatory Actions related to Deferral of Unexpected Revenue to Prepare for Future Electric Base Rate Increases and Deferral of Gain on Sale of Gardenia Property to Reduce OUC's I-4 Ultimate Project Costs.

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Commissioner Kirby reported the Finance Committee held a special meeting on October 6, 2015 to review documents related to the Series 2015B Revenue Refunding Bonds. The bonds will refund the outstanding \$100 million Series 2009A bonds. Present value savings in excess of 20 percent are anticipated. The Committee also reviewed the estimated cost of issuance for the Series 2015B Refunding Bonds. The Finance Committee recommends that the Board

approve the Series 2015B Revenue Refunding Bonds Resolution which authorizes the issuance of the bonds.

On a motion by Commissioner Kirby and seconded by Commissioner Lee, PRES-1a was approved as follows:

PRES-2a A resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$125,000,000 utility system revenue refunding bonds, Series 2015B; authorizing the refunding of all outstanding Orlando Utilities Commission utility system revenue bonds, Series 2009A; setting forth the terms of said bonds; providing for the disbursement of funds; appointing a paying agent, registrar and tender agent for said bonds; authorizing the negotiated sale of said bonds; delegating certain authority to the General Manager and other officers, including authorizing the execution and delivery of a Bond Purchase Agreement; authorizing the execution and delivery of an official statement and the preparation, deeming final and distribution of a preliminary official statement; creating an establishing a cost of issuance account; authorizing the execution and delivery of a standby Bond Purchase Agreement with TD Bank, N.A.; authorizing the execution and delivery of a Continuing Disclosure Agreement; authorizing the execution and delivery of a remarketing agreement and appointing a remarketing agent; authorizing the execution and delivery of an Escrow Deposit Agreement and designating an escrow agent thereunder; authorizing an interest rate swap transaction with Goldman, Sachs Bank USA and the execution and delivery of a confirmation with respect thereto; authorizing the appointment of a verification agent and a bidding agent; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds and the refunding and defeasance of the Series 2009A bonds; providing certain other matters in connection therewith; and providing an effective date.

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John Hearn discussed the strength of the 2015 Fiscal Year and stressed that it was driven by retail and wholesale revenue exceeding budget. Financial staff are currently preparing for the end of the year audit. No surprises from the audit are expected.

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Commissioner Lee congratulated the Service Award recipients as well as the Community Recognition Award recipients. He enjoyed the All Aboard Florida presentation and praised the One Person, One Tree program.

Commissioner Kirby congratulated Debbie Bradshaw and OUC staff for their work in receiving the SJRWMD grant. He thanked Jerry Sullivan for his

presentation on Problem Solving Training and looks forward to the material being spread throughout the Commission. He commented positively on the number of OUC fire hydrants in operation.

Mayor Dyer stated that the City of Orlando Fire Department is internationally accredited and has a Number 1 rating from the Insurance Service Officer (ISO). He praised OUC's water supply system for helping contribute to that rating. He recently participated in a ride-along to install a hydration station at a City of Orlando park. Two of the City's GreenWorks project managers were recently selected to participate in Al Gore's Climate Reality Project Annual Conference, where Vice President Gore recognized the City of Orlando and OUC for their sustainability efforts. Mayor Dyer discussed his participation in the Baker Hofstettler Central Florida Partnership Trip to Washington, D.C. He also announced the opening of 4 Rivers restaurant in City Hall.

President Ferrone stressed the importance of not taking things for granted, from employees' health to OUC's strong financial performance. She thanked OUC's employees who work to give back to the community and praised OUC's dedication to continuous improvement.

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

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President

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Secretary