

MINUTES
ORLANDO UTILITIES COMMISSION
December 12, 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, Luz Aviles, Clint Bullock, 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 German Romero 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.

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On a motion by Commissioner Kirby, seconded by Commissioner Calvet and unanimously carried, the reading of the minutes of the October 25, 2017 Special Commission Meeting was waived and the minutes were approved.

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

On a motion by Commissioner Kirby, seconded by Commissioner Calvet and unanimously carried, the reading of the minutes of the November 20, 2017 Commission Meeting was waived and the minutes were approved.

On a motion by Commissioner Kirby, seconded by Commissioner Calvet and unanimously carried, the reading of the minutes of the November 21, 2017 Commission Meeting was waived and the minutes were approved.

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President Lee read a Resolution of Appreciation into the record to recognize Dan Kirby for his nine and a half years of service on the OUC Board.

Whereas, the ORLANDO UTILITIES COMMISSION wishes to recognize and honor DAN KIRBY, FAIA, AICP, LEED AP, for his exemplary dedication and service to the Commission from 2008 to 2017 and his leadership as OUC board president from 2013-2014, for serving as a champion of the customers of the Commission spreading the message of sustainability, green practices and renewable energy, and for always being an ardent supporter of OUC employees; and

Whereas, Mr. Kirby, a LEED Accredited Professional and Principal in the Orlando office of Jacobs an award-winning international professional and technical services firm, is also active in the Central Florida community serving numerous organizations while constantly ensuring the best interests of the Commission are always represented on the OUC Board; and

Whereas, the ORLANDO UTILITIES COMMISSION extends appreciation to Mr. Kirby for his eight and a half years of steadfast service and the significant contributions he made during his time on the Commission including expanding OUC's renewable energy capacity, making solar more accessible and affordable with the two solar farms at the Stanton Energy Center, the creation of Central Florida's first Community Solar Farm in which he demonstrated his personal commitment to solar by becoming the first subscriber, as well as a floating solar array, high-visibility solar sculptures, innovative new generation partnerships, and Orlando's emergence as one of the most electric-vehicle-ready cities in the nation; earning the Solar Electric Power Association's Public Power Utility of the Year award; and

Whereas, the Commission also thanks Mr. Kirby for his direction as the utility sought to enhance the customer experience through deployment of smart grid infrastructure and customer-facing self-service technology including the Usage Dashboard, allowing for smarter electric and water consumers, weaving sustainability and conservation through their everyday lives, which led to the Commission winning CS Week and Electric Light & Power's Expanding Excellence Award for Smart Grid Infrastructure and the North American Award for Customer Service Innovation; and

Whereas, the Commission further gratefully recognizes the honor Mr. Kirby brought to the Commission through his contributions and activities in civic affairs, including but not limited to leadership in such significant groups as the Florida Association of the American Institute of Architects (AIA) where he served as the first African-American President of AIA Florida in 2013 and is the recipient of many accolades such as the Charles Clary Government Service and AIA Orlando Medal of Honor awards in 2015, and was elected to the AIA College of Fellows in 2016; as well as serving as the Florida/Caribbean Region Representative on AIA National's Strategic Council of the AIA.

Now, Therefore, Be It Resolved, by the ORLANDO UTILITIES COMMISSION that expresses its deepest gratitude to Mr. Kirby for his loyal, efficient and able service as a member of this Commission, and whose success can be measured by his character and community contributions.

Be It Further Resolved, the ORLANDO UTILITIES COMMISSION recognizes Mr. Kirby for his outstanding leadership and service by making this Resolution a part of the official Commission records and by presenting to him a testimonial copy as a symbol of the pride and esteem in which he is held by the Commission.

In Witness Whereof, Commission President Gregory D. Lee, Commissioners Cesar Calvet, Britta Gross, Orlando Mayor Buddy Dyer and General Manager & CEO Ken Ksionek.

Dated this 12th day of December 2017.

President Lee presented Commissioner Kirby a copy of the Resolution of Appreciation.

Roseann Harrington presented Commissioner Kirby a memory book in honor of his years of service to OUC. Mr. Ksionek presented Commissioner Kirby with a clock and desk lamp.

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Ms. Harrington announced that 3,500 runners participated in the 18th annual OUC half marathon, including 125 OUC employees, retirees and family members. She noted that utilizing water from fire hydrants displaces 2,700 gallon jugs. The marathon is the first and only race in Florida to receive Silver Certification from the Council for Responsible Sport. Ms. Harrington presented President Lee with a medal in recognition of this accomplishment.

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Clint Bullock provided an update on the Hurricane Maria restoration efforts. Fourteen employees traveled to Puerto Rico from November 3 to November 30 and assisted in power restoration and repair work in the towns of Aguas Buenas, Naguabo and Juncos. The OUC crew donated vehicles to the mayors of Aguas Buenas and Juncos as well as to the Sisters of Notre Dame. The Puerto Rico Restoration Blog kept customers and employees up to date on OUC efforts in the region. Mr. Bullock thanked the following employees for traveling to Puerto Rico: Brent Lowery, Hector Ramos, Luis Burgos, Mike Atout, John Wallace, Andrew Phillips, Glenn Massari, Dewy Harvey, Bryan Walsh, Chris Traniello, Chase Crawford, Carmelo Nieves, Marcos Laborde Delgado and Eric Rivera. Mr. Bullock also thanked the following employees for their support: Troy Morris, Rick Taylor, Jeff Mann, Orlando Alancastro, Mindy Brenay, Don Ricotta, Chris Browder, Roseann Harrington and Michelle Lynch.

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Mr. Ksionek asked Mindy Brenay to provide a presentation on Affirmative Item A-21 and A-22 regarding the Hurricane Irma financial recovery efforts. Ms. Brenay stated that the total storm restoration costs to date are \$23.5 million. Board approval was requested to ratify purchase order resources in four key categories totaling \$13.6 million: contractors and mutual aid, vegetation management, facility and generation contractors and logistics. Additional restoration costs beyond the Board ratification amount include internal labor, inventory purchases, and purchase orders under the \$100,000 approval limit. Ms. Brenay explained the FEMA reimbursement process under previous hurricanes and discussed the selection of the competitively bid contractor, DMS Consulting, to assist in the reimbursement process for Hurricane Irma. Ms. Brenay also stated that cash resources have been utilized to fund restoration efforts and FEMA reimbursement is anticipated for a portion of these OUC-advanced funds.

The Audit Committee proposed a regulatory action for Board approval to defer \$20.9 million of eligible costs anticipated to be reimbursed from FEMA.

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President Lee presented the Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Kirby, Affirmative Items A-1 through A-27 were approved as follows:

1. Ratification of the above fuel procurements in the aggregate amount of \$9,109,906.47:

NATURAL GAS PURCHASES:

September 2017	ConocoPhillips	\$ 1,221,434.01
September 2017	Infinite Energy	\$ 350,367.57
September 2017	Shell Energy	\$ 533,750.00
September 2017	Southwest Energy	\$ 1,404,656.87
September 2017	Tenaska Marketing Ventures	\$ 3,211,326.44
September 2017	Texla Energy Management, Inc.	\$ 2,262,133.67

RED DYED DIESEL OIL PURCHASES:

September 2017	Lynch Oil Co, Inc	\$ 126,237.91
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2. Approval of RFP #4422 - Contract award to Bass Electronics, Inc., the lowest, most responsive and responsible vendor, to provide Stanton Energy Center Units 1 & 2 with boiler cameras and a three-year maintenance agreement in the amount of \$200,000, pending final contract negotiations and OUC legal review;
3. Approval of a Capital Expenditure Estimate for the Indian River Plant Combustion Turbine A and B Stack Replacement Project in the amount of \$1,860,082. Approval of RFP #4425 - Contract award to Braden Manufacturing, LLC, the lowest, most responsive and responsible vendor, to perform the Indian River Plant Combustion Turbine A and B stack replacement in the amount of \$1,860,082;
4. Approval of RFP #4426 - Contract awards to Tampa Armature Works, Inc., TAW Orlando Service Center, Inc., Stewart's Electric Motor Works, Inc., Flanders Electric Motor Service, Inc. and CEC Motor & Utility Services, LLC, the most responsive and responsible vendors, to provide electric motor repair services in the aggregate amount of \$1,600,000, pending final contract negotiations and OUC legal review. The contract term is five years;
5. Approval of a sole source Purchase Order to General Electric International, Inc. to provide assistance for on-site field engineering, repair services and replacement parts for the SEC Unit 1 boiler feedwater pump turbine overhaul in the amount of \$338,000, pending final contract negotiations and OUC legal review. Approval of a sole source Purchase Order to Flowserve US Inc., to provide technical guidance, off-site repair and material services for the SEC Unit 1 boiler feedwater pump and boiler feedwater booster pump overhaul in the amount of \$193,000, pending final contract negotiations and OUC legal review;

6. Approval of a Purchase Order to AirTek Construction, Inc. to provide labor and equipment to perform inspection and repair services for the Stanton Energy Center Unit 1 precipitator during the 2018 Spring Outage in the amount of \$378,830;
7. Approval of a Purchase Order to AZZ SMS, Inc. to perform Stanton Energy Center Units 1 & 2 and Combined Cycle Unit B steam generator inspection and repair services for the 2018 Spring Outages in the aggregate amount of \$1,700,000;
8. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Limestone Preparation Ball Mill No.1 Support Pedestals Restoration Project in the amount of \$520,000. Approval of a single source Purchase Order to Structural Preservation Systems, LLC to provide labor and equipment to repair the concrete pedestals and install a cathodic protection system for the Stanton Energy Center limestone preparation ball mill No. 1 in the amount of \$183,700, pending final contract negotiations and OUC legal review;
9. Approval of a single source Purchase Order to Stearns, Conrad & Schmidt Consulting Engineers, Inc. to continue providing operations & maintenance services for the Orange County Landfill Gas to Energy facility for a five-year period in the amount of \$1,800,000, pending final contract negotiations and OUC legal review;
10. Authorization for the General Manager & CEO to execute the Railroad Transportation Contract extension with CSX Transportation, Inc. through February 28, 2018, pending final contract negotiations and OUC legal review;
11. Approval of the Electric Distribution Construction Estimate for the underground electric distribution system to serve the Amazon Distribution Center in the amount of \$634,971.92, with customer contributions in the amount of \$144,779;
12. Approval of a Purchase Order to Orange County to provide construction management and construction services for the fourth phase of the project in the amount of \$370,553.75;
13. Approval of a Purchase Order to Controllix Corp. for one metal enclosed 12kV capacitor bank required for the Metrowest 12kV E Unit and Switchgear Addition Project in the amount of \$135,000;

14. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for engineering, procurement, property acquisition and construction support necessary to complete the Weber Substation Enhancement Project in the amount of \$2,650,000, increasing the total project cost to \$2,700,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers, Inc. in the amount of \$485,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$535,000;
15. Approval of RFP #4448 - Contract award to Presidio Networked Solutions, Inc., the most responsive and responsible vendor, for Cisco Smartnet equipment, maintenance and technical support through January 31, 2021 in the amount of \$771,576;
16. Approval of an OUC initiated scope change and conforming Change Order No. 4 to SME Solutions in the amount of \$407,500 to continue providing dashboard development professional services through July 31, 2018, increasing the total Purchase Order amount to \$805,490;
17. Approval of an OUC scope change and conforming Change Order No. 1 to Red Clay Consulting, Inc. in the amount of \$335,000 to provide managed support services for Customer Care & Billing and Meter Data Management through September 30, 2018, increasing the total Purchase Order amount to \$710,000. Approval of an OUC scope change and conforming Change Order No. 1 to Origin Consulting LLC in the amount of \$908,950 to provide managed support services for Customer Care & Billing and Meter Data Management through September 30, 2018, increasing the total Purchase Order amount to \$1,683,950;
18. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Presidio Networked Solutions, Inc. in the amount of \$71,818.40 to complete the replacement of network switches and upgrade of network software, increasing the total Purchase Order amount to \$165,373.60;
19. Approval of a Purchase Order to Syn-tech Systems Inc. for equipment, training and three years of maintenance and support required for the Fuel Master Software and Hardware Replacement Project in the amount of \$199,859.11;

20. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Market Strategies International in the amount of \$162,500 to continue providing customer transactional survey services through January 30, 2019, increasing the total Purchase Order amount to \$541,000;
21. Ratification of Hurricane Irma restoration costs in the aggregate amount of \$13,597,000;
22. Approval of RFP #4454 - Contract award to David M Shapiro Disaster Planning and Recovery Consultants, Inc., the most responsive and responsible vendor, to provide disaster recovery consulting services for the Hurricane Irma recovery efforts in the amount of \$263,670;
23. Approval of a Purchase Order to AMEC Foster Wheeler Environment & Infrastructure, Inc. to provide routine environmental survey services at the Stanton Energy Center Landfill for the period of December 2017 to December 2020 in the amount of \$828,000;
24. Authorization for the General Manager & CEO to execute the Orlando Utilities Commission Defined Benefit Pension Plan and the Hybrid Pension Program amendments and adoption of the proposed changes in the employer retirement savings match up to a total of eight percent;
25. Authorization for the General Manager & CEO to execute the Release of Easement for property located north of Jack Brack Road and east of Zuni Road;
26. Commission authorization for the General Manager & CEO to execute the Subordination of Encumbrance to Property Rights to Orange County for property located west of South Orange Blossom Trail and north of Taft-Vineland Road; and
27. Approval of the 2017 Commission Meeting dates on January 23, March 13, April 10, May 8, June 12, July 10, August 21, October 9, November 13 and December 11.

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Mr. Ksionek noted that the need for a water rate increase was discussed at the Budget Workshop in July, in order for OUC to be able to maintain the highest

level of service to its customers. It has been nine years since the last water rate increase and OUC has some of the lowest water rates in the state. The mid-year water rate change will take effect March 1, 2018, and has been reviewed by both the Audit and Finance Committees. Even with the increase, OUC's rates will remain some of the lowest in the state. The increase is primarily in the higher tiers of water block rates and impacts heavier users. OUC is committed to educating customers on the efficient use of water and will be increasing conservation messaging in 2018.

Commissioner Kirby stated that the new water rate has been fairly designed to minimize and mitigate customer impacts.

On motion by Commissioner Calvet and seconded by Commissioner Gross, New Business Item 1 was adopted and accepted as follows:

NB-1 Adoption of the proposed water rates and service fees, effective no later than March 1, 2018.

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Commissioner Kirby stated that the Finance Committee held its regular meeting on December 1, 2017.

The Committee reviewed the proposed changes to the Hybrid Pension Plan and water rates being presented at the Commission Meeting.

The Committee reviewed documents related to the Series 2018A new money transaction funding a portion of the 2018 and 2019 Capital Plan. The Committee recommends adoption of the 2018A Series and Reimbursement Resolutions for the issuance of the 2018A Utility System Revenue Bonds.

The Committee reviewed the Energy Risk Management reports for Fiscal Year 2017. The Committee also considered a recommendation by the Energy Risk Management Oversight Committee (ERMOC) to reappoint Dr. Halil Kiyamaz to the ERMOC for a second term. Upon motion and unanimous approval, Dr. Kiyamaz was reappointed to the ERMOC through December 31, 2020.

The Committee reviewed the annual Treasury report for Fiscal Year 2017 and the October 2017 Treasury Report.

The Committee was provided with an update on OUC's rating agency visits in conjunction with Large Public Power Council (LPPC) Investor Conference and the Series 2018A bond transaction.

The Committee reviewed a status and timeline for the current banking and related services RFP as well as an update on crews and resources sent for storm restoration in Puerto Rico after Hurricane Maria.

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

PRES-1a A resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$200,000,000 aggregate principal amount of Utility System Revenue Bonds, Series 2018A for the purpose of financing capital projects for its utility system; providing for the terms of said bonds; providing for the disbursement of funds; appointing a paying agent and registrar for said bonds; authorizing a authority to the General Manager or the Vice President and Chief Financial Officer and other officers including authorizing the execution and delivery of a Bond Purchase Agreement; authorizing the preparation, deeming final and distribution of a Preliminary Official Statement and the execution and delivery of an official statement; creating and establishing the Series 2018A account in the construction fund and a cost of issuance account; authorizing the execution and delivery of a Continuing Disclosure Agreement; authorizing proper officials to do all other things deemed necessary or advisable in connection with the issuance, sale and delivery of said bonds; providing certain other matters in connection therewith; and providing an effective date.

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Commissioner Calvet stated that the Audit Committee held a special meeting on December 12, 2017 to approve a regulatory action to defer restoration costs expected to be recovered from the Federal Emergency Management Agency of \$20.9 million. Costs will be recognized during the period reimbursement funds are received.

On a motion by Commissioner Calvet and seconded by Commissioner Kirby, PRES-2a was approved as follows:

PRES-2a Adoption of a regulatory action to defer as \$20.9 million a regulatory asset for unrecognized storm restoration costs as of September 30, 2017 and to recognize costs when reimbursements are received.

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Mindy Brenay stated that net income over budget for October was \$1.6 million driven primarily by the timing of operating expenses being slightly below budget. Electric retail revenue for November has been slightly below budget due to mild weather.

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Jonathan Sebastian Blount, an OUC customer, spoke about OUC's community involvement and sponsorship of an art exhibit.

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Mr. Ksionek requested that Jenise Osani provide a presentation regarding proactive alerts and communications. Ms. Osani provided background information of the project. Phase 1, including outage and billing alerts, was approved by the Commission on October 11, 2016. Outage alerts went live on December 7, 2017, and billing alerts will launch by June 1, 2018. In the future, OUC will provide consumption and marketing alerts. Ms. Osani demonstrated how customers can sign up for these alerts, set their preferences and report outages via text. She also explained the outage map on both the web and mobile versions. As of December 12, 880 accounts were registered for outage alerts. Ms. Osani projects that by January 7, approximately 3,000-3,500 accounts will be signed up for the program. A full-scale marketing program will begin after this. Ms. Osani presented a video about the proactive alerts program. She thanked Roseann Harrington, Mike Matthews, Brad Chase and Jim Dedmon for their assistance.

Commissioner Kirby praised the program for providing real-time alerts to customers and looks forward to the further rollout of the program.

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Mr. Ksionek introduced a video about the dedication of the Kenneth P. Ksionek Solar Farm and thanked the Board for the honor. He also thanked Lisa Curran, Wade Gillingham, Jan Aspuru, Justin Kramer, Sam Choi and Byron Knibbs for their efforts in the dedication ceremony and creating the facility.

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Mr. Ksionek thanked Commissioner Kirby for his years of service on the Board and extended an invitation to a holiday reception after the meeting.

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Commissioner Gross thanked Commissioner Kirby for his service and guidance as she joined the Board. She thanked the employees who traveled to Puerto Rico.

Commissioner Calvet also thanked the employees who traveled to Puerto Rico as well as the employees who provided support from Orlando. He stated that it has been a pleasure to serve alongside Commissioner Kirby. He praised the new proactive alerts system.

Mayor Dyer thanked the employees who traveled to Puerto Rico and those who supported those efforts. He thanked Commissioner Kirby for his years of service. He wished everyone a happy and safe holiday.

President Lee praised the new proactive alerts system. He congratulated OUC on the half marathon. He thanked everyone for their efforts in the Puerto Rico restoration. He congratulated Clint Bullock for being selected as the next General Manager and CEO. He congratulated Mr. Ksionek on the dedication of the community solar farm and appreciated his comments at the event. He wished everyone a happy holiday. He thanked Commissioner Kirby for his years of service.

Commissioner Kirby thanked the Board for the Resolution of Appreciation. He will miss serving as a Commissioner and participating in the various meetings. He noted his history of working for the rate payer and helping change the culture of OUC, stressing the importance of sustainability. He thanked various individuals and departments for their assistance over his term, including Katie Porta, Lonnie Bell, Mayor Dyer, President Lee, Commissioner Calvet, Commissioner Gross, all previous commissioners, Mr. Ksionek, as well as his current colleagues at Jacobs, AIA Orlando and the Orlando Foundation for Architecture. He also thanked Mindy Brenay, Jan Aspuru, Chip Merriam, Clint Bullock, Jerry Sullivan, Mark Thompson, Linda Ferrone, Luz Aviles, Byron Knibbs, John Hearn, Chris Browder and the Legal Department, Roseann Harrington and the Marketing, Communications and Community Relations team, Nanci Schwartz, Beth Mason. He gave a special thank you to his wife, Allison Kirby, for her support. He congratulated Mr. Bullock on his appointment to General Manager and CEO and wished him well in the new position. He will continue to support OUC as a cheerleader and ambassador and thanked everyone for the honor to serve as commissioner.

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Commissioner Lee adjourned the meeting at 3:23 P.M.

President

Secretary