

**MINUTES
ORLANDO UTILITIES COMMISSION
OCTOBER 13, 2009
2:20 P.M.**

Present:

COMMISSIONERS:

Katie Porta, President
Maylen Dominguez Arlen, First Vice President
Dan Kirby, Second Vice President
Craig McAllaster, Commissioner
Mayor Buddy Dyer

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Alvin Frazier, Roseann Harrington, Byron Knibbs,
Robert Teegarden, Denise Stalls, Vice Presidents
Gregory T. Rodeghier, Vice President & Chief Information Officer
W. Christopher Browder, Vice President & General Counsel
Beth Mason, Recording Secretary

President Porta asked Alandus Sims to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:20 P.M.

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Byron Knibbs presented a 30-Year Service Award to Michael S. Moore, Line Supervisor, Distribution, Construction and Maintenance, Energy Delivery Business Unit.

Byron Knibbs presented a 25-Year Service Award to Sergio O. Ruiz, Division Meter Technician, Distribution Operations, Energy Delivery Business Unit.

Alvin Frazier presented a 25-Year Service Award to Audrey J. Brown, Senior Human Resource Consultant, Human & Environmental Resources.

Jan Aspuru presented a 25-Year Service Award to Edwin D. Mittan, Maintenance Supervisor, Power Resource Business Unit.

Jan Aspuru presented a 25-Year Service Award to Garfield M. Blair, Director of Environmental Resources, Human & Environmental Resources.

Denise Stalls presented a 20-Year Service Award to Rosario Caraccioli, Administrative Assistant, Human & Environmental Resources.

Clint Bullock presented a 20-Year Service Award to W. Patrick Hibbert, Meter Technician I, Energy Delivery Business Unit.

Greg Rodeghier presented a 20-Year Service Award to Rochell Y. Hodge, Administrative Specialist III, Operations Services, Information Technology.

Byron Knibbs presented a 20-Year Service Award to George S. Satcher, Power Quality Technician, Energy Delivery Business Unit.

Kenneth Ksionek presented a 20-Year Service Award to Denise M. Stalls, Vice President of Human & Environmental Resources.

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On motion by Commissioner Kirby, seconded by Mayor Dyer, and unanimously carried, the reading of the minutes of the August 25, 2009 Commission Meeting was waived and the minutes were approved as amended.

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Byron Knibbs introduced Joel Hass, Regional CEO, of the American Red Cross of Central Florida. Mr. Hass presented an award to OUC for their generosity regarding printing services donated to the American Red Cross.

Alvin Fraizer presented an award from the Orlando Sentinel regarding the Top Friendly Workplaces in Central Florida. OUC was ranked 22 out of the top 25 companies based on its benefits and services provided to the employees.

Ken Ksionek asked Clint Bullock to discuss Affirmative Item 22-A regarding the Solar Photovoltaic Project with the Orlando Science Center (OSC). Mr. Bullock explained that this is an extension of OUC's continuing education program in which OUC will provide a 10KW solar photovoltaic system at their facility. The OSC will own and maintain the system and OUC will receive the renewable energy credits. This system will complement OUC's new educational program being administered by the OSC which targets every 5th grade student within OUC's service territory.

Commissioner Dominguez Arlen asked whether information will be available at the OSC for individuals who are interested in photovoltaic systems. Mr. Bullock confirmed that the details are being worked out on the photovoltaic systems and there will be an opportunity for individuals to learn what programs OUC has available.

President Porta presented the Affirmative Items for approval. On motion by Commissioner McAllaster, and seconded by Commissioner Kirby, the Affirmative Items were approved as follows:

1. Ratification of fuel procurements to the low bidders in July 2009 in the aggregate amount of \$7,727,496.97 as follows:

NATURAL GAS PURCHASES:

July 2009	Anadarko Energy Services	\$ 761,923.46
July 2009	BG Energy Merchants, LLC	\$ 1,282,664.11
July 2009	Chevron Natural Gas	\$ 853,366.66
July 2009	Louis Dreyfus Energy	\$ 915,575.32
July 2009	National Fuel Marketing	\$ 1,274,491.30
July 2009	NJR Energy Services	\$ 248,023.41
Jul. 2009	Shell energy	\$ 1,636,709.31
July 2009	The Energy Authority	\$ 137,068.40
July 2009	Virginia Power Energy Marketing, Inc.	\$ 617,675.00

2. Ratification of a Purchase Order to Babcock & Brown Rail Funding LLC for payment of the loss payment claim of four destroyed leased unit trains in the amount of \$363,932;
3. Approval of Purchase Orders to Southern Company Rail Services, Inc., City of Lakeland, Gainesville Regional Utilities, CSX Transportation, Tennessee Valley Authority, Alabama Power Company and Babcock & Brown Rail Funding LLC for the spot lease of unit trains for Fiscal Years 2010 through 2012 in an amount not to exceed \$602,920 per year, for an aggregated three-year total not to exceed \$1,805,760;
4. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Scrubber Ball Mills 1 and 3 Cyclone Separators Upgrade Project in the amount of \$200,000;
5. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Cooling Tower Blowdown Treatment Seals Upgrade Project in the amount of \$200,000;
6. Approval of a Purchase Order to S.I. Goldman Company, Inc. to provide general construction services for installation of the new Flue Gas Desulfurization Dewatering System equipment required for Phase 2 of the Flue Gas Scrubber Upgrade Project in an amount not to exceed \$2,134,000;
7. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Chimney Upgrade Project in the amount of \$4,000,000, which includes Purchase Orders to Hadek Protective Systems, Inc. for materials in an amount not to exceed \$956,930, pending final contract negotiations; and Pullman Power Corporation for the installation of Borosilicate block liners in an amount not to exceed \$2,843,070;
8. Ratification of the Lighting Construction Estimate for Conway Road located between Hoffner Avenue and McCoy Road in the Orlando service territory, in the amount of \$100,223.14; which includes

\$41,057.28 for lighting equipment from OUC's stock inventory and \$59,165.85 for the installation of poles, fixtures and wires by Terry's Electric, Inc. OUC's lighting contractor. The City of Orlando will pay \$100,223.14 for the cost of the project and will be responsible for the monthly payments;

9. Ratification of the Electric Distribution Construction Estimate for the installation of a underground feeder cables located at the Stanton North Substation #35 in the amount of \$307,179;
10. Ratification of the Electric Distribution Construction Estimate for the installation of an electric distribution system to serve the Orange County Landfill Gas to Energy Project, Southern Expansion Site in the amount of \$551,212.58;
11. Approval of the Lighting Construction Estimate for Prime Outlet Mall, located in the Orlando service territory, in the amount of \$211,564.93; which includes \$99,119.72 for lighting equipment from OUC's stock inventory and \$112,445.21 for the installation of the conduit, junction boxes, poles, fixtures and wires by Terry's Electric, Inc. Orlando Outlet Owner, LLC has executed a ten-year service agreement with OUC for this lighting system and will be responsible for the monthly maintenance and energy service charges. The capital investment will be paid up front by Orlando Outlet Owner, LLC.;
12. Approval of the Lighting Construction Estimate for Frontage Road and Shadowridge Road, located in the Orlando service territory, in the amount of \$116,808.57; which includes \$63,065.34 for lighting equipment from OUC's stock inventory and \$53,743.23 for the installation of poles, fixtures and wires by Terry's Electric, Inc. Orlando Gateway POA, LLC has executed a twenty-year service agreement with OUC for this lighting system and will be responsible for the monthly payments;
13. Approval of the Electric Distribution Construction Estimate for the installation of a temporary electric distribution system to serve the Department of Veterans Affairs Orlando Medical Center, located in the Orlando service territory, in the amount of \$152,853.00, with a payment of \$139,028.01 from the developer, Parsons Corporation;
14. Approval of a Capital Work Order for water distribution improvements required for the City of Orlando's South Summerlin Avenue Pipeline Project in an amount not to exceed \$281,620.72;
15. Approval of a Capital Work Order for the Underwood Street Improvement Project for water distribution improvements in the amount of \$218,384.64, contingent upon final OUC legal review and

approval of the Construction Agreement with Orlando Health, Inc. Approval of a Purchase Order to Orlando Health, Inc. for reimbursement of construction costs in an amount not to exceed \$188,600.00;

16. Approval of additional funding in the amount of \$201,143 and conforming Change Order No. 1 to Brenntag Mid South, Inc. to continue providing hydrofluosilicic acid to OUC under the Colectric Alliance Agreement, increasing the total Purchase Order amount to \$326,143;
17. Approval of an OUC initiated scope change and conforming Change Order No. 3 to Environmental Systems Research Institute, Inc. to extend the Geographic Information System contract for three additional years in the amount of \$236,819.65, increasing the total Purchase Order amount to \$453,289.82;
18. Ratification of an OUC initiated scope change and conforming Change Order No. 1 to Hewlett Packard Company in the amount of \$299,998.28 for the purchase of the HP-Unix Processor and Memory Upgrade, increasing the total Purchase Order amount to \$792,286.36;
19. Ratification of additional funding in the amount of \$40,000 for an OUC initiated scope change and conforming Change Order No. 4 to Genergy Energy Services, Inc. to continue providing chilled water billing services through Fiscal Year 2010, increasing the total Purchase Order amount to \$309,100;
20. Approval of additional funding in the amount of \$25,000 and conforming Change Order No. 2 to Loomis Armored US, Inc. to exercise the final one-year renewal option for armored transportation services through October 31, 2010, increasing the total Purchase Order amount to \$109,010;
21. Approval of additional funding in the amount of \$1,150,000 and conforming Change Order No. 8 to Goober Inc. d/b/a Lightyear Technologies, Inc. for the continuation of OUC's Commercial Indoor Lighting Program, increasing the total Purchase Order amount to \$6,024,000;
22. Approval of a Purchase Order to the Orlando Science Center for the installation of a 10KW minimum solar photovoltaic system in an amount not to exceed \$100,000, contingent upon final OUC legal review and approval of a Service Agreement between OUC and the Orlando Science Center;
23. Approval of additional funding in the amount of \$450,000 and conforming Change Order No. 3 to Tetra Tech NUS, Inc. to continue

- to provide additional environmental engineering services, increasing the total Purchase Order amount to \$686,021;
24. Approval of additional funding in the amount of \$65,000 and conforming Change Order No. 1 to Brock Specialty Services, Ltd. to provide supplemental contract personnel for the Fleet/Facilities Division through July 2010, increasing the total Purchase Order amount to \$130,000;
 25. Approval of an additional disbursement in the amount of \$230,000 and conforming Change Order No. 2 to Reliance Standard Life Insurance Company for the payment of life insurance, short-term disability and long-term disability premiums for the remainder of calendar year 2009, increasing the total Purchase Order amount to \$2,156,963.15;
 26. Approval of a one-year renewal with Aetna Life Insurance Company and Express Scripts, Inc., which includes approval of Purchase Orders to Aetna Life Insurance Company in the amount of \$16,500,000 and Express Scripts, Inc. in the amount of \$4,500,000 for a total estimated medical program cost of \$21,000,000, effective January 1, 2010;
 27. Authorization for the General Manager & CEO to approve OUC's property and casualty insurance purchases in an amount not to exceed \$2,405,500;
 28. Approval of a Purchase Order to Ford & Harrison, LLP to provide continued legal services in the estimated amount of \$225,000 for Fiscal Year 2010;
 29. Ratification of additional funding in the amount of \$95,000 and conforming Change Order No. 2 to Young Van Assenderp, PA to provide continued legal services through the end of Fiscal Year 2009, increasing the total Purchase Order amount to \$193,000;
 30. Approval of additional funding in the amount of \$500,000 and conforming Change Order No. 4 to Wyatt, Tarrant, & Combs, LLP to provide additional legal services regarding the TECO Coal litigation, increasing the total Purchase Order amount to \$1,495,000;
 31. Authorization for the General Manager & CEO to execute the Subordination of Encumbrances to Property Rights to Orange County for an OUC electric distribution easement Parcel 1005.3 located south of Holden Avenue and west of South Texas Avenue;
 32. Ratification of an OUC initiated scope change and conforming Change Order No. 2 to PA Consulting Group to provide additional consulting

services related to the Accounts Receivable Management and Collection Divisions in the amount of \$57,621.41, increasing the total Purchase Order amount to \$125,000; and

33. Approval of additional funding in the amount of \$250,000 and conforming Change Order No. 1 to Public Financial Management, Inc. to provide continued financial advisory services for Fiscal Year 2010, increasing the total Purchase Order amount to \$454,000.

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President Porta reported that the Finance Committee met on September 24, 2009 to discuss monthly reports, debt and swap portfolio recommendations, and review bond and disclosure counsel recommendations. The Finance Committee also held a Special Finance Committee Meeting prior to this Commission Meeting to discuss an enhancement to the Goldman Sachs cancellation option. The Finance Committee Meeting highlighted three risks inherent to OUC's debt and swap portfolios: bank liquidity risk, collateral posting risk and variable rate debt exposure. The Finance Committee recommends that the 2002A Bonds be refinanced in conjunction with the termination of the related swap, if certain parameters are met to lower bank liquidity risk. The Finance Committee recommends that one or more of the fixed payer swap agreements be terminated, if certain parameters are met, to help reduce collateral posting risk. It also recommends that the law firm of Holland & Knight, LLP to be retained as bond counsel and Foley & Lardner, LLP to be retained as disclosure counsel. The term of each agreement will be for a three-year period and will include two one-year renew options.

On motion by Commissioner Dominguez Arlen, seconded by Commission McAllaster, Presentation Item 1a was approved as follows:

- PRES-1a A Resolution of the Orlando Utilities Commission ("OUC") authorizing the refund of Series 2002A Bonds in conjunction with the termination of the 2002A swap when the al-in-interest targets and other parameters are achieved. The Finance Committee reviewed the Resolution and recommends adoption of the Series 2009C Refunding Bonds Resolution; delegating authority to the General Manager and Chief Financial Officer to terminate or suspend such agreements and negotiate, execute and deliver such amendments relating thereto; providing for incidental action; and providing for an effective date and sunset.

On motion by Commissioner Dominguez Arlen, seconded by Commissioner McAllaster, Presentation Item 1-B was approved as follows:

PRES-1b A Resolution of the Orlando Utilities Commission ("OUC") authorizing the termination of one or more of OUC's fixed payer interest rate swap agreements; delegating authority to the General Manager and Chief Financial Officer to execute and deliver such terminations relating thereto; authorizing entering into an option agreement related to the termination of a swap agreement with Goldman Sachs Bank USA; providing for incidental action; and providing for severability, an effective and sunset.

On motion by Commissioner Dominguez Arlen, seconded by Commissioner Kirby, Presentation Item 1-C was approved as follows:

PRES -1c Approval of a three-year contract to Holland & Knight to serve as bond counsel and to Foley & Lardner to serve as disclosure counsel.

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Mindy Willis reported that the estimated Income before contributions will be \$8 to \$10 million ahead of the budget for the year.

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Ken Ksionek asked Jan Aspru to provide an update on the Stanton B construction, start-up of Stanton Unit B, as well as Stanton 2 Fall Outage. Mr. Aspru reported that Stanton B has been under construction for the last two years. The mechanical construction is 95% completed and the unit is in the checkout, start-up and test process. Final completion and commercial operation is expected in December 2009. Stanton 2 is undergoing its Fall Outage, which was originally scheduled for Spring 2009, but was delayed to Fall 2009 for budgetary reasons.

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Mr. Ksionek commented on the excellent progress that John Hearn has made since his recent surgery.

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Mr. Ksionek asked Chris Browder to report on the letter of intent for the purchase and sale of the old Administration Building. Mr. Browder reported that an interested party is considering a reuse of the old building. Mr. Browder advised that a Memorandum of Understanding be executed to take the property off the market for two months so that both parties can move forward and perform their due diligence.

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Mr. Ksionek asked Clint Bullock to provide an update on the solar projects. Mr. Bullock reported on a pilot project with Petra Solar that consists of the installation of ten solar panels on streets light poles along Curry Ford Road. These panels produce approximately 175 watts of power per panel.

Commissioner Dominguez Arlen asked when data will be available to review results of the pilot program. Mr. Bullock stated that it will take approximately three to four months to evaluate the performance. The evaluation will include weather issues, economics, and operations and maintenance requirements.

Mr. Bullock reported that solar powered charging stations for plug-in hybrid cars have been installed at OUC Reliable Plaza. OUC is the first to combine plug-in charging stations with solar. Two stations are available in the employee garage and one is also available for the public in the Customer Service parking area.

Ken Ksionek stated that in addition to solar renewables, OUC is also working on projects involving the gasification of municipal solid waste, biomass and landfill gas.

Without objection, the November 10, 2009 Commission Meeting will be cancelled. No objections were offered. The next Commission Meeting will be held on December 8, 2009.

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Commissioner McAllaster stated that he is pleased to see all of OUC's green initiatives. He is impressed by the number of service awards.

Commissioner Doniniguez Arlen stated that she is also encouraged by all the green pilot projects. OUC should be leaders in the community and experiment with new technology.

Commissioner Kirby stated he is also pleased with the advancement of the solar projects.

Mayor Dyer commented on the collaboration between the City of Orlando and OUC regarding the green initiatives. He also stated that the City of Orlando will open its sixth LEED certified fire station, Fire Station 1, in December.

President Porta commented positively on the new movie complex on Orange Avenue.

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Commissioner McAllaster moved to adjourn the meeting. Commissioner Dominguez Arlen seconded the motion and President Porta adjourned the meeting at 3:50 P.M.

President

Secretary