

**MINUTES
ORLANDO UTILITIES COMMISSION
March 8, 2016
2:00 P.M.**

Present:

COMMISSIONERS:

Linda Ferrone, President
Gregory D. Lee, First Vice President
Cesar E. Calvet, Commissioner
Buddy Dyer, Mayor

Kenneth P. Ksionek, General Manager & Chief Executive Officer
Jan Aspuru, Clint Bullock, Maggie Duque, Roseann Harrington, Byron Knibbs
and Chip Merriam, 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 Ron Toporek 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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President Ferrone introduced Cesar E. Calvet, the new Commissioner, and welcomed him to the Board. His nomination was confirmed by the Orlando City Council on February 8, 2016.

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On a motion by Commissioner Lee, seconded by Mayor Dyer and unanimously carried, the reading of the minutes of the January 26, 2016 Commission Meeting was waived and the minutes were approved.

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John Hearn presented a 20-year service award to Tom Elliott, Fleet Supervisor, Financial and Support Services.

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Mr. Ksionek asked Jan Aspuru to provide a presentation regarding Affirmative Item A-6 for the Repair and Maintenance of Rail Line and Associated Facilities that was pulled from the Board meeting in December in order to provide more information. He provided background information about OUC's eighteen miles of railroad track, which is connected to the CSX mainline. OUC is required to maintain the track in compliance with CSX and Federal Railroad Administration standards. The OUC track has been used exclusively to transport coal to the Stanton Energy Center. This will change during the next five years due to increased economic development in the area and requested access from SunRail and All Aboard Florida resulting in the need for additional crossings. Mr. Aspuru broke down the costs of different types of railroad crossings and maintenance programs for the replacements, as well as the current funding request.

President Ferrone asked if there was any risk regarding the reimbursement process. Mr. Aspuru replied that there are standards in place for reimbursement and OUC works with various government organizations during this process.

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Mr. Ksionek asked Claston Sunanon to provide a presentation on Affirmative Item A-7 regarding the Renewable Energy Power Purchase Agreement (PPA). Mr. Sunanon explained that OUC has a landfill gas-to-energy opportunity at the Monarch Hills Landfill in Broward County. Mr. Sunanon discussed OUC's current renewable energy capacity, which includes solar and landfill capacity. He explained the terms and flexibility of the PPA, which is for a ten-year term with options for two five-year extensions and allows OUC to purchase the energy starting at \$46 per MWH. Landfill gas is OUC's most cost effective renewable resources and helps OUC to meet its goals for Strategic Initiative #4, Sustainable Use of Electric and Water Resources.

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Mr. Ksionek asked Clint Bullock to speak about Affirmative Item A-12 regarding the Interstate 4 (I-4) Ultimate Water System Improvements Project. Mr. Bullock explained that during the I-4 Ultimate Project, OUC will face infrastructure conflicts as well as opportunities for system improvements in a cost-effective manner. OUC is requesting to work with the engineering firm CPH, Inc. for water distribution engineering services, as well as EA Tapping Services, LLC to install line stops, which are specialized construction devices that temporarily isolate active water mains without the use of valves. The installation of these devices at strategic locations throughout the I-4 Ultimate Project will reduce impacts to customers during scheduled maintenance and emergency repairs.

Mr. Bullock provided a status update for the overall I-4 Ultimate Project and OUC's conflicts. He also discussed OUC's involvement in weekly, monthly and quarterly update meetings.

Commissioner Lee asked for clarification regarding the easement included in Affirmative Item A-24. Mr. Browder responded that this is a minor modification to an existing easement. Mr. Bullock explained that this easement is specific to one piling near OUC's America Substation. The initial clearance requirement was focused on substation and transmission equipment. Upon further evaluation, OUC approved moving the specific piling to within two feet.

President Ferrone expressed her appreciation for the care and attention given to this project and thanked Mr. Bullock and Mr. Toporek for their leadership.

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Mr. Ksionek asked Clint Bullock to provide a presentation on Affirmative Item A-9 regarding the United States Tennis Association (USTA) facility. Mr. Bullock provided an overview on the electric distribution infrastructure in the area surrounding the future USTA site. This agenda item is specifically related to the underground distribution feeder. A sixteen inch water main will be installed offsite of the facility, while a twelve inch water main will be installed onsite, as well as domestic, fire and irrigation services. OUC is scheduled to complete the electric work needed to energize USTA by the end of March.

Mayor Dyer recently visited the site and remarked on the number of the state of the art light fixtures.

Commissioner Lee responded that this will be the largest tennis facility in the world, with 102 courts as opposed to the National Tennis Center's 23 courts. Mr. Bullock responded that UCF's men's and women's tennis teams will also play there.

Commissioner Calvet asked for clarification regarding the customer contribution. Mr. Bullock responded that OUC has a calculation and a policy regarding underground distribution where the customer makes a contribution. OUC requires a customer contribution in aid of new construction. USTA's contribution pays for a portion of the onsite facilities as well as a portion of the feeder cost. Other customers that utilize this feeder will also pay a portion of the cost.

Mayor Dyer pointed out Orlando City Soccer's training facility which is adjacent to the USTA facility.

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Mr. Ksionek asked Roseann Harrington to provide a presentation on Affirmative Item A-28 regarding the Utility-Exclusive Sustainability and Customer Education Sponsorship with Orlando City Soccer (OCS). Ms. Harrington provided background information on OUC's partnership with OCS, including sustainability and educational opportunities in the stadium and on OCS's website. The click through rate for OUC's online ads is twice as high as the national average. With the new contract, OUC will also support the new Orlando Pride team, which is scheduled to join the National Women's Soccer League in 2016 and expected to

draw approximately 250,000 attendees in the first year. OUC and OCS entered into a one-year contract in 2015, and a three-year contract is recommended going forward due to permanent features being installed in the stadium.

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Commissioner Lee and President Ferrone asked for clarification regarding the location of the substations referenced in Affirmative Item A-10. Mr. Bullock stated that the Country Club substation refers to the geographic area and does not have any customer impact.

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Related to Affirmative Item A-2, President Ferrone inquired if OUC has discovered any hidden costs related to switching coal sources and were they allocated.

Mr. Aspuru responded that there were anticipated costs associated with the shift to the Illinois Basin coal, and that they are lower than predicted.

Commissioner Calvet asked for further clarification about the cost of Illinois Basin coal. Mr. Aspuru stated that OUC achieved approximately \$15-17 million per year in savings as a result of the switch, with only an increase of \$1 million per year in operating costs. He further stated that OUC historically consumed Central Appalachian coal. Due to the price increase of Central Appalachian coal, the industry has shifted to less expensive Illinois Basin coal.

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President Ferrone asked a question related to Affirmative Item A-15 regarding the nature of the services provided by Convergent Outsourcing, Inc. (Convergent). Ms. Duque clarified that Convergent handles calls related to Collections in their own call center facility, located in Atlanta.

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Commissioner Lee announced a conflict of interest with Affirmative Item A-9. President Ferrone presented the remaining Affirmative Items for approval. On a motion by Mayor Dyer and seconded by Commissioner Lee, the Affirmative Items were approved as follows:

1. Ratification of the fuel procurements to the low bidders in November and December 2015 in the aggregate amount \$9,053,854.74 as follows:

NATURAL GAS PURCHASES:

Nov 2015	EDF Trading (Formerly Eagle Energy)	\$ 231,427.98
Nov 2015	Florida Gas Utility	\$ 113,617.75
Nov 2015	Infinite Energy	\$ 170,920.00
Nov 2015	Macquarie Cook Energy, LLC	\$ 766,003.03

Nov 2015	NJR Energy Service Company	\$ 392,118.42
Nov 2015	Occidental Energy Marketing	\$ 530,315.04
Nov 2015	Peoples Gas	\$ 210,160.01
Nov 2015	Shell Energy	\$ 353,036.72
Nov 2015	Tenaska Marketing Ventures	\$2,053,468.66
Nov 2015	Texla Energy Management, Inc	\$ 566,513.86
Dec 2015	BP Energy	\$ 121,325.00
Dec 2015	EDF Trading (Formerly Eagle Energy)	\$ 199,625.02
Dec 2015	Infinite Energy	\$ 278,527.18
Dec 2015	Macquarie Cook Energy, LLC	\$ 428,522.77
Dec 2015	NJR Energy Service Company	\$ 606,404.07
Dec 2015	Tenaska Marketing Ventures	\$1,492,731.97
Dec 2015	Texla Energy Management, Inc	\$ 539,137.26

2. Approval of a Capital Expenditure Estimate for the Stanton Energy Center Unit 2 Air Heater Upgrades Project in the amount of \$2,422,715. Approval of a sole source Purchase Order to Arvos, Inc. to provide equipment and services for the Stanton Energy Center Unit 2 air heater upgrades in the amount of \$2,272,715, pending final contract negotiations and OUC legal review;
3. Approval of Change Request No. 2 to the Capital Expenditure Estimate for the Indian River Plant Combustion Turbine C Combustion Inspection and Combustion Turbine D Hot Gas Path Inspection & Repairs Project in the amount of \$656,843, increasing the total project cost to \$6,715,541. Approval of additional funding with conforming Change Order No. 2 to Mitsubishi Hitachi Power Systems to repair the remaining hot gas path parts in the amount of \$656,843, increasing the total Purchase Order amount to \$6,715,541;
4. Approval of RFP #4075 - Contract award to AirTek Construction, Inc., the lowest, most responsive and responsible vendor, to provide inspection and repair services for the Stanton Energy Center Unit 1 precipitator in the amount of \$589,000, pending final contract negotiations and OUC legal review;
5. Approval of Change Request No. 1 to the Capital Expenditure Estimate for the Stanton Energy Center Unit 1 Cooling Tower Spray Arm Adapters Replacement Project in the amount of \$235,000, increasing the total project cost to \$550,000. Approval of RFP #4061 - Contract award to Amertech Tower Services, LLC, the lowest, most responsive and responsible vendor, to provide installation services for the Stanton Energy Center Unit 1 cooling tower spray arm adapters in the amount of \$210,000, pending final contract negotiations and OUC legal review;
6. Approval of RFP #3985 - Contract award to R.W. Summers Railroad Contractor, Inc., the lowest, most responsive and responsible vendor, to provide repair and maintenance of OUC's rail line and associated facilities in the amount of \$8,435,676, pending final contact

negotiations and OUC legal review. The contract term is five years with three one-year renewal options, beginning April 1, 2016;

7. Authorization for the General Manager & CEO to execute a Renewable Energy Power Purchase Agreement between WM Renewable Energy, L.L.C. and OUC to purchase energy for a ten-year term and a maximum of two five-year extension options, subject to final OUC legal review and approval;
8. Approval of an OUC initiated scope change and conforming Change Order No. 2 to AVP in the amount of \$300,000 to continue providing valve inspections, repair and mechanical services for Stanton Energy Center Units 1 & 2, Combined Cycle Unit B and Indian River Plant Combustion Turbines for a one-year period, increasing the total Purchase Order amount to \$1,220,000;
9. Pulled for separate vote;
10. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for engineering, procurement and construction support necessary to complete the Bennett and Country Club Switchgear and Transformer Replacement Project in the amount of \$11,580,000, increasing the total project cost to \$11,675,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers, Inc. in the amount of \$1,720,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$1,815,000. Approval of Purchase Orders to Central Electric Manufacturing Company for five metal-clad switchgear units and bus duct in the amount of \$3,900,000; GE Prolec Transformers, Inc. for a transformer in the amount of \$730,000; and SPX Transformer Solutions, Inc. for a transformer in the amount of \$775,000;
11. Approval of a sole source Purchase Order to Subnet Solutions, Inc. for an enterprise license agreement for 35 substations and five years of software maintenance required for the Substation Automation System Project in the amount of \$219,815;
12. Approval of a Capital Expenditure Estimate for water distribution engineering, administration, inspection and construction support necessary to complete the Interstate 4 Ultimate Water System Improvements Project in the amount of \$3,204,217. Approval of a Purchase Order to CPH, Inc. in the amount of \$367,564 to provide water distribution design engineering and construction management services. Approval of RFP #4011 - Contract award to EA Tapping Services, LLC, the lowest, most responsive and responsible vendor, for line stop installations in the amount of \$410,614;

13. Approval of Change Request No. 1 to the Transmission Capital Expenditure Estimate in the amount of \$611,300 for material and construction labor necessary to complete the Stanton to Indian River 230kV Insulator Replacement Project, increasing the total project cost to \$756,300;
14. Approval of RFP #4022 - Contract award to DG Services, LLC, the lowest, most responsive and responsible vendor, to provide testing of electrical personnel protection equipment and insulated devices in the amount of \$234,128. The contract term is three years with two one-year renewal options;
15. Approval of additional funding in the amount of \$655,000 with conforming Change Order No. 2 to Convergent Outsourcing, Inc. to provide call center services for the third year of the contract, increasing the total Purchase Order amount to \$1,780,000;
16. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Annan Landscape Co. in the amount of \$215,260 for the Gardenia Xeriscaping Project and to continue providing landscape maintenance services through April 30, 2017, increasing the total Purchase Order amount to \$551,960;
17. Approval of a Purchase Order to Ring Power Corporation for the purchase of one Caterpillar 735C Articulating Dump Truck and two Caterpillar 980M Wheel Loaders for the Stanton Energy Center in the amount of \$1,881,766;
18. Approval of RFP #4034 - Contract award to Neth & Son, Inc., the lowest, most responsive and responsible vendor, for the Stanton Energy Center warehouse/fleet maintenance building roof replacement, including lightning protection, in the amount of \$179,400;
19. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Thomas & Betts Power Solutions, LLC in the amount of \$57,895 to continue providing uninterruptible power source, power distribution unit and battery maintenance services through May 31, 2017, increasing the total Purchase Order amount to \$149,137;
20. Approval of RFP #4039 - Contract award to Coastal Air Consulting Inc. as the primary vendor and Spectrum Systems Inc. and CEMS Solutions Inc. as secondary vendors, the most responsive and responsible vendors, to provide air emissions, Relative Accuracy Test Audit and Mercury and Air Toxics Standards testing in the aggregate amount of \$973,000, pending final contract negotiations and OUC legal review. The contract terms are five years;

21. Approval of an OUC initiated scope change and conforming Change Order No. 1 to AMEC Foster Wheeler; AECOM, Inc.; CH2mHill; GHD Services, Inc.; Golder & Associates; HSW Engineering; and TetraTech in the aggregate amount of \$1,700,000 to continue providing environmental engineering services for a one-year period, increasing the aggregate Purchase Order amount to \$6,700,000;
22. Approval of an OUC initiated scope change with conforming Change Order No. 2 to Oracle in the amount of \$429,525.72 for renewal of all Oracle database license maintenance and support for the period of April 30, 2016 through April 29, 2017, increasing the total Purchase Order amount to \$1,082,629.77;
23. Approval of an OUC initiated scope change and conforming Change Order No. 2 to EMC2 Corporation in the amount of \$356,850 for the purchase of Storage Area Network storage capacity upgrades and three years of maintenance and support, increasing the total Purchase Order amount to \$2,930,102;
24. Authorization for the General Manager & CEO to execute the Amendment to Easement Agreement between the Florida Department of Transportation and OUC for Parcel 253.1 and 812.1, located north of America Street and west of Sylvia Lane;
25. Authorization for the General Manager & CEO to execute the Release of Easement for Lake Nona Village II, LLC, located northeast of Lake Nona Village Place and south of Northlake Parkway;
26. Authorization for the General Manager & CEO to execute the Partial Release of Easement for Viking Partners Southchase Village, LLC, located south of W. Wetherbee Road and east of S. Orange Blossom Trail;
27. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Altra Medical Corporation in the amount of \$38,566 to provide automated external defibrillator supplies and annual inspections through July 25, 2017, increasing the total Purchase Order amount to \$137,023.76; and
28. Approval of a Purchase Order to Orlando Sports Holdings, LLC for a Utility-Exclusive Sustainability and Customer Education Sponsorship for a three-year period in the amount of \$410,590, pending final contract negotiations and OUC legal review.

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On a motion by Mayor Dyer and seconded by Commissioner Calvet, Affirmative Item A-9 was approved as follows:

9. Approval of the Electric Distribution Construction Estimate for the underground electric distribution system to serve the United States Tennis Association facility, located along Lake Nona Boulevard, west of Narcoossee Road, in the Orlando service territory, in the amount of \$757,199.54, with customer contributions in the amount of \$3,195.

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

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Commissioner Lee reported that the Finance Committee held its regular meeting on March 3, 2016. The Committee reviewed the Treasury and Energy Risk Management Reports.

The Committee appointed Jan Aspuru as Chairperson of the Energy Risk Management Oversight Committee.

The Committee reviewed the 2016 Financing Plan which includes a current fixed rate refunding of the Series 2006 bonds as well as options to remarket the Series 2011A Windows bonds.

The Committee also reviewed the underwriter qualification process and are recommending an updated underwriting pool consisting of Bank of America Merrill Lynch, Barclays Capital, Citigroup Global Markets, Goldman Sachs & Co., Jefferies & Co., JP Morgan, Morgan Stanley, Ramirez & Co., Raymond James, Stifel Nicolaus and Wells Fargo Securities.

The Finance Committee recommends Commission approval of the recommended underwriting pool for a term of up to five years, with a reopening of the qualification process after two years to consider additional firms.

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

PRES-1a: Approval of the Finance Committee's recommendation for the bond underwriting team to include 11 firms: Bank of America Merrill Lynch, Barclays Capital, Citigroup Global Markets, Goldman Sachs & Co., Jefferies & Co., JP Morgan, Morgan Stanley, Ramirez & Co., Raymond James, Stifel Nicolaus, and Wells Fargo Securities for a term of up to five years, with a reopening of the qualification process after two years to consider additional firms

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John Hearn stated that February's budgeted net income was on target, putting OUC at approximately \$13 million ahead of budgeted net income for the Fiscal Year. OUC continues to see good growth from a revenue perspective and expenditures continue to stay under budget.

Commissioner Calvet asked for clarification about off-setting fuel revenues. Mr. Hearn responded that fuel revenues always equal fuel expenses. Since fuel prices have been low, fuel costs and revenues have both run under budget.

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Jonathan Sebastian Blount, an OUC customer, expressed his appreciation for OUC’s participation with Black History Month. He also stated that he was able to report on the quality of OUC’s water as a result of his attendance at a recent Commission Meeting.

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Mr. Ksionek welcomed Commissioner Calvet to the Board. He also announced that John Hearn will be retiring in April after 29 years at OUC.

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Commissioner Lee welcomed Commissioner Calvet to the Board. He congratulated the Service Award recipients and wished Mr. Hearn well in his retirement.

Commissioner Calvet thanked the Board for his selection and stated that he looks forward to participating in future meetings.

Mayor Dyer welcomed Commissioner Calvet and remarked that they served together on the Greater Orlando Aviation Authority Board. He commented on the progress of the UCF Downtown Orlando campus.

President Ferrone welcomed Commissioner Calvet. She wished John Hearn well in his retirement and thanked him for his years of service to OUC. She recently spoke on behalf of OUC at the DistribuTECH Conference, and was very pleased to see OUC’s positive reputation in the community.

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President Ferrone adjourned the meeting at 3:22 P.M.

President

Secretary