

**MINUTES
ORLANDO UTILITIES COMMISSION
June 14, 2016
2:00 P.M.**

Present:

COMMISSIONERS:

Linda Ferrone, President
Dan Kirby, Immediate Past President
Gregory D. Lee, Commissioner

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
Mindy Willis, Vice President & Chief Financial Officer
Nanci Schwartz, Recording Secretary

President Ferrone asked German Romero to give the invocation, followed by the Pledge of Allegiance to the Flag. The Commission Meeting was called to order at 2:07 P.M.

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President Ferrone announced that Service Awards, Employee Recognition, and presentations falling under General Managers' Comments will be presented at the July 12, 2016 Commission Meeting.

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On a motion by Commissioner Kirby, seconded by Commissioner Lee and unanimously carried, the reading of the minutes of the May 12, 2016 Commission Meeting was waived and the minutes were approved.

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

1. Ratification of the fuel procurements to the low bidders in March 2016 in the aggregate amount \$4,188,349.48 as follows:

NATURAL GAS PURCHASES:

Mar 2016	EDF Trading (Formerly Eagle Energy)	\$ 198,531.48
Mar 2016	Macquarie Cook Energy, LLC	\$ 630,922.40
Mar 2016	NJR Energy Service Company	\$ 312,642.83
Mar 2016	Occidental Energy Marketing	\$ 535,713.25
Mar 2016	Tenaska Marketing Ventures	\$1,857,484.73
Mar 2016	Texla Energy Management, Inc.	\$ 226,078.79

COAL PURCHASES:

Mar 2016	Consolidation Coal Company	\$426,976.00
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2. Ratification of an OUC initiated scope change and conforming Change Order No. 2 to Rubber Applications, Inc. in the amount of \$125,000 to replace the Stanton Energy Center Unit 2 Scrubber C module floor liner, increasing the total Purchase Order amount to \$310,000;
3. Approval of an OUC initiated scope change and conforming Change Order No. 2 to Solares Controls in the amount of \$63,295.30 to provide valves for the Stanton Energy Center Unit 2 landfill gas expansion, increasing the total Purchase Order amount to \$130,093.16;
4. Approval of a sole source Purchase Order to OJay Enterprises, LLC d/b/a Swagelok Central Florida, South Florida, Puerto Rico to provide precision instrumentation valves and fittings for Stanton Energy Center Units 1 & 2, Combined Cycle Unit B and Indian River Plant in the amount of \$780,000, pending final contract negotiations and OUC legal review. The contract term is five years;
5. Approval of a single source Purchase Order to GE Intelligent Platforms, Inc. to provide GlobalCare Support software maintenance for the SCADA Network in the amount of \$173,473.55, pending final contract negotiations and OUC legal review. The contract term is five years beginning August 30, 2016 through August 29, 2021;
6. Approval of the Electric Distribution Construction Estimate for the upgrade of underground electric distribution equipment in the St. Cloud service territory in the amount of \$3,740,248.18;
7. Approval of RFP #4152 - Contract award to Pike Electric, LLC, the most responsive and responsible vendor, to provide electric distribution construction and maintenance services in the amount of \$7,200,000. The contract term is three years with two one-year renewal options;
8. Approval of a sole source Purchase Order to Baron USA, LLC to overhaul and upgrade the substation transformer vacuum oil purification equipment in the amount of \$282,750;

9. Approval of Change Request No. 1 to the Substation Capital Expenditure Estimate for engineering, procurement and construction support necessary to complete the Stanton Synchronizing Breaker Upgrade Project in the amount of \$1,935,000, increasing the total project cost to \$1,985,000. Approval of an OUC initiated scope change and conforming Change Order No. 1 to Power Engineers, Inc. in the amount of \$335,000 to provide design engineering and construction management services, increasing the total Purchase Order amount to \$385,000;
10. Approval of RFP #4091 - Contract award to The Davey Tree Expert Company, the lowest, most responsive and responsible vendor, to provide vegetation management services in the amount of \$9,913,362. The contract term is three years with two one-year renewal options;
11. Approval of an OUC initiated scope change and conforming Change Order No. 2 to AdvizeX Technologies LLC for the Special Server Patching Project through September 30, 2017 in the amount of \$136,075, increasing the total Purchase Order amount to \$277,255;
12. Approval of a Purchase Order to Gartner, Inc. to provide Technical Professional, Utility and CIO Executive Advisory Services through June 30, 2017, in the amount of \$252,298;
13. Ratification of a sole source Purchase Order to KONE Inc. to provide elevator maintenance, testing and repair services and the rebuild of elevator #3 at the Stanton Energy Center in the amount of \$645,000. The contract term is thirty-three months;
14. Approval of a Purchase Order to Ring Power Corporation for the purchase of one Caterpillar CS54B Single Drum Soil Compactor and one Caterpillar D6T LGP VPAT Track Type Tractor for the Stanton Energy Center in the amount of \$710,594.91;
15. Authorization for the General Manager & CEO to execute the sale of the Innovation Place Project Parcels 801 and 801A easements to Orange County, to be located east and west of John Wycliff Boulevard and south of Wewahootee Road, subject to final legal review; and
16. Approval of Bid #4095 - Contract award to Superior Solar Systems LLC, the lowest, most responsive and responsible vendor, to provide solar sculpture installation services in the amount of \$285,000.

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Mr. Ksionek stated that OUC has not made a fuel rate adjustment since March 2012, and a nine percent fuel rate decrease effective July 1 is recommended. He

asked Mindy Willis to provide a presentation on New Business item NB-1 regarding the Electric Fuel Rate Charges. Ms. Willis presented background information regarding OUC's electric rates, which are designed to recover costs in an equitable manner across each customer class. Rates are billed through two main charge classifications: base charges and fuel charges. OUC is proposing to lower fuel charges as a result of decreasing natural gas costs. Decreasing fuel rates aligns with Strategic Initiative 1: deliver rates lower than the peer average. The timing of the rate change provides customers with bill reductions at the start of high bill season and has an overall bill impact of approximately three to four percent, based on customer classification and usage.

Commissioner Kirby praised OUC for enacting an equitable fuel rate decrease for all customers.

President Ferrone commended the team on balancing Strategic Initiatives with serving OUC's customers and the City of Orlando.

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

NB-1 Adoption of the proposed electric fuel charges for implementation July 1, 2016, pending Florida Public Service Commission review.

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Commissioner Lee stated that the Finance Committee held its regular meeting on May 26, 2016. The Committee reviewed a presentation on the issuance of the Series 2016A Revenue Refunding Bonds in an amount of up to \$160 million. The Series 2016A Revenue Refunding Bonds refund a portion of OUC's outstanding Series 2006 and 2009B bonds. Included in the presentation was an update of the current bond market, the estimated net present value savings, cost of issuance and underwriters discount for the refunding transaction as well as a preliminary timeline.

The Committee also reviewed an update on the status of the 2011A Windows bonds and the recent tender remarketing. Also reviewed was the underwriting team being utilized for the Series 2016A Revenue Refunding Bonds as well as the ongoing evaluation of the utilization of a selling group outside of the core underwriter team.

The Committee reviewed the Treasury and Energy Risk Management Reports.

The Committee also reviewed the ERMOC membership selection guidelines, including a summary of the revised guidelines. A recommendation was made to appoint Lawrence Strawn, Manager of Corporate Analytics and Planning, as a member. The Committee unanimously approved the appointment.

The Committee recommends Commission adoption of the 2016A Series Resolution for the issuance of the 2016A Revenue Refunding Bonds. On a motion by Commissioner Lee and seconded by Commissioner Kirby, PRES-1a was approved as follows:

PRES-1a A resolution of the Orlando Utilities Commission authorizing the issuance of not exceeding \$160,000,000 Utility System Revenue Refunding Bonds, Series 2016A for the purpose of financing the current refunding of a portion of its outstanding Utility System Revenue Refunding Bonds, Series 2006 and the advance refunding of a portion of its outstanding Utility System Revenue Refunding Bonds, Series 2009B; providing for the terms of said bonds; providing for the disbursement of funds; appointing a paying agent and registrar for said bonds; authorizing a negotiated sale of said bonds; delegating certain 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, authorizing the execution and delivery of an Escrow Deposit Agreement and appointing an escrow agent; authorizing the execution and delivery of a Continuing Disclosure Agreement; creating and establishing a cost of issuance account; 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 bonds to be refunded; providing certain other matters in connection therewith; and providing an effective date.

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Mindy Willis announced that she recently traveled to New York City with Jan Aspuru and Mike Hollingshed to meet with three bond rating agencies. The agencies affirmed OUC's ratings.

Ms. Willis stated that revenue for May was approximately \$10 million ahead of budget. Net income before contributions is approximately \$12.6 million, partly due to a catch-up in operating expenses.

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Mr. Ksionek stated that presentations for June have been deferred until July's Commission Meeting. He thanked OUC employees who volunteered in the aftermath of the Pulse shootings. OUC stands by the City of Orlando in overcoming this tragedy. He announced that as part of Project Care, OUC will provide up to \$500 in utility bill assistance for survivors.

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Commissioner Lee thanked OUC for the leadership and assistance provided in the aftermath of the Pulse shooting. He expressed sympathy for employees who were affected by the event. He praised Mayor Dyer for leading the City of Orlando during this difficult time. He congratulated the Finance team on productive meetings with the bond rating agencies as well as for passing the Revenue Refunding Bonds Resolution.

Commissioner Kirby praised OUC for its efforts in the aftermath of the Pulse shooting. He commended the actions of first responders, medical examiners, and other leaders in the community. He stressed the importance of the Orlando community uniting after the attack, as well as the importance of fighting intolerance and violence.

President Ferrone commended OUC on the fuel rate decrease and stressed the importance of balancing doing right by the community in addition to doing right by the company. She praised staff on the positive comments from the rating agencies. She commented on the importance of Orlando uniting in the face of the Pulse tragedy as well as the importance of diversity and inclusion of all areas. She expressed sympathy for everyone affected by the shooting and applauded the City's and OUC's response.

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President Ferrone adjourned the meeting at 2:32 P.M.

President

Secretary