

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
January 20, 2005

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A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held in the Board room of the Administration Building, 220 South Main Street, Thursday, January 20, 2005 at 1:30 p.m. The following were in attendance: Rick Masson, Vice Chairman; James L. Russell, Commissioner; V. Lynn Evans, Commissioner; Nick Clark, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Max Williams, Vice President and General Counsel; Wade Stinson, Vice President, Construction and Maintenance; Alonzo Weaver, Vice President, Customer Operations; and Linda Peppers, Vice President and Chief Information Officer. Due to the absence of L. R. Jalenak, Chairman, Rick Masson was Acting Chairman.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held January 6, 2005, that they be recorded as the official record, seconded by Commissioner Evans and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council resolutions dated January 4, 2005, Item Nos. 10 through 13, approving items approved by the MLGW Board at meeting held December 16, 2004 (see Minute File No. 1264.)

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11028, Security Services, to CDA, Inc. in the amount of \$2,050,482.12.

The project scope is to provide daily security services (approximately 142,428 hours) at various MLGW locations in Memphis and Shelby County, Tennessee. Bids were opened on December 15, 2004, with the lowest and best bidder of five bidders being CDA, Inc.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11028 to CDA, Inc. in the amount of \$2,050,482.12 is approved; and further,

THAT, The President or his designated representative is authorized to execute the contract.

2. The Manager, Procurement and Contracts requested the Board's ratification of Change Order No. 14 to Contract No. 9779, Management Support Central Processing Unit, with Fujitsu Computer Systems Corporation in the amount of \$183,731.40.

This action is being exercised in compliance with the Council of the City of Memphis Ordinance No. 5046. This emergency change order is issued to Fujitsu Computer Systems Corporation and was authorized upon determination that a true emergency existed in order to keep the storage processor and the global server in operation prior to the approvals of the resolution for award that were presented to the Board on January 6, 2005. This change order covers three years of 24x7 product support in the amount of \$183,731.40 for the storage processor which is the mainframe computer for all of MLGW's administrative systems (human resources, payroll, general ledger, etc.) and the global server which holds all of the data for the mainframe computer.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, In accordance with the Council of the City of Memphis Ordinance No. 5046, MLGW is authorized to execute Change Order No. 14 to Contract No. 9779 with Fujitsu Computer Systems Corporation which will be submitted to the Council of the City of Memphis for ratification.

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners amendment to Contract No. 10802, Siemens Maintenance, with Converged Solutions Group, LLC.

This amendment changes the contract value approved by Change Order No. 4 on March 18, 2004, from \$69,960.10 to \$167,960.16. This will correct an error made by not adding the cost of \$98,000 to relocate the Siemens Call Center Systems from the Administration Building to the Netters Business Operations Center under Change Order No. 2 to the total.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Amendment to Contract No. 10802 with Converged Solutions Group, LLC is approved; and further,

THAT, The President or his designated representative is authorized to make the adjustment.

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Renewal No. 2 to Contract No. 10882, Information Services Support, with Quilogy, LLC in an estimated/funded amount of \$1,209,520.

The new contract amount is \$2,959,520. This renewal covers the cost to retain the current level of service for one year, October 1, 2004 to October 1, 2005, with no increase in the existing labor rates. The contract presently has seven resources.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Renewal No. 2 to Contract No. 10882 with Quilogy, LLC in an estimated/funded amount of \$1,209,520 is approved; and further,

THAT, The President or his designated representative is authorized to execute the renewal.

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Renewal No. 1 to Contract No. 10907, Data Feed Analysis Services, with CQG, Inc. in an estimated/funded amount of \$60,000.

The new contract amount is \$86,400. This renewal covers a data feed service and charting package to hedge natural gas purchased by MLGW for its ratepayers for the term January 1, 2005 through December 31, 2006.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Renewal No. 1 to Contract No. 10907 with CQG, Inc. in an estimated/funded amount of \$60,000 is approved; and further,

THAT, The President or his designated representative is authorized to execute the renewal.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change Order No. 2 to Contract No. 10998, Financial Service Consultant, with Stephen R. Pace, with no change in current contract amount.

This change order amends Change Order No. 1 dated October 7, 2004, which mentioned the job function of the Consultant incorrectly. The correct language should state the

Consultant service is required to assist General Accounting in preparing for the 2004 audit and monthly financial statements.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Change Order No. 2 to Contract No. 10998 with Stephen R. Pace, with no change in current contract amount, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change order.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change Order No. 1 to Contract No. 11011, North Service Center Roofing Projects, with B Four Plied, Inc. in the amount of \$2,222.64.

The project scope has changed to allow B Four Plied to replace 336 square feet of bad deck to the roof of Building No. 1 at the North Service Center. It was discovered the deck required replacing during the removal of the existing roof. All work for the installation of the modified bitumen roof has been completed. The new contract value with this change is \$182,199.64.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Change Order No. 1 to Contract No. 11011 with B Four Plied, Inc. in the amount of \$2,222.64 is approved; and further,

THAT, The President or his designated representative is authorized to execute the change order.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award contract for the purchase of a water well video system to be used to inspect the screen and casing in 20-inch diameter potable water production wells.

Bids were opened on November 10, 2004, with the lowest and best complying bidder of two bidders being Aries Industries, Inc. in the amount of \$53,445.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Aries Industries, Inc. is approved for furnishing:

1 – Aries/CCV water well video surveying system, to be furnished in accordance with MLGW Specifications dated October, 2004; and to be furnished on MLGW supplied trailer

totaling \$53,445, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 67 days; terms 1%-10 days, net 30.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award contracts for the rental of scanners which will be used to convert aperture card images to a digital format.

Bids were opened on December 7, 2004, with the lowest and best complying bidders of four bidders being CAD/CAM Services for item one in the amount of \$17,500, and Crowley Micrographics for item two in the amount of \$27,500.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, awards of contracts are approved for furnishing:

Blanket contract for a maximum three-month period including rental setup and maintenance by CAD/CAM Services for two ACS 4600+ Contex scanners, to be furnished in accordance with MLGW Specifications dated October 22, 2004

totaling \$17,500, f.o.b. Memphis, Tennessee, transportation prepaid and added; said prices being firm; delivery within seven days; and further

Blanket contract for a maximum four-month period including rental, setup and maintenance by Crowley Micrographics for one Mekel 625GS film scanner, to be furnished in accordance with MLGW Specifications dated October 22, 2004

totaling \$27,500, f.o.b. Memphis, Tennessee, transportation prepaid and added; said prices being firm; delivery within seven days.

The total of both orders amounts to \$45,000.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award contracts for 36-month lease of color copiers to replace the existing color copiers on which the contract has expired.

Bids were opened on August 4, 2004, with the lowest and best complying bidders of seven bidders being Xerox Corporation for item one in the amount of \$380,118.60, approximately, and Danka Office Imaging for item two in the amount of \$73,703.52, approximately.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, awards of contracts are approved for furnishing:

36-month blanket contract to Xerox Corporation for one Xerox Model 6060 color copier system to be furnished in accordance with MLGW Specifications dated November 12, 2003; at \$10,558.85 per month, plus cost of copies over the 60,000 copy allowance to be billed at \$0.0866 per copy

totaling \$380,118.60, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in three weeks; and further,

36-month blanket contract to Danka Office Imaging for one Canon Model CLC5100 color copier system to be furnished in accordance with MLGW Specifications dated November 12, 2003, at \$2,047.32 per month, plus cost of copies over the 25,000 copy allowance to be billed at \$0.06 per copy

totaling \$73,703.52, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 10 days.

The total of both orders amounts to \$453,822.12, approximately.

11. The Manager, Procurement and Contracts requested the Board's ratification of contracts issued on an emergency basis for costs associated with environmental testing and report preparation related to the indoor air quality investigation at the Netters Business Operations Center. This action is being exercised in compliance with the Council of the City of Memphis Ordinance No. 5046.

These emergency contracts were issued to Moring Environmental Services, and Cornerstone Laboratories, LLC.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, In accordance with the Council of the City of Memphis Ordinance No. 5046, MLGW is authorized to execute emergency purchases, which are later ratified by the Council of the City of Memphis. MLGW is authorized under the City's award of contracts for furnishing:

Environmental testing and report preparation at Netters Business Operations Center to Moring Environmental Services in the amount of \$105,885; and further,

Environmental testing and report preparation at Netters Business Operations Center to Cornerstone Laboratories, LLC in the amount of \$85,922.50.

The total of both contracts amounts to \$191,807.50.

12. The Manager, Procurement and Contracts requested the Board's ratification of contract issued on an emergency basis for the repair of a G & W Model No. 16V149 diesel generator that services the Mallory Pumping Station. This action is being exercised in compliance with the Council of the City of Memphis Ordinance No. 5046.

This emergency contract was issued to G & W Diesel Service, Inc. and was authorized upon determination that a true emergency existed.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, In accordance with the Council of the City of Memphis Ordinance No. 5046, MLGW is authorized to execute emergency purchases, which are later ratified by the Council of the City of Memphis. MLGW is authorized under the City's award of contract to G & W Diesel Service, Inc. for furnishing:

Repair of G & W diesel generator Model No. 16V149 for the approximate cost of \$55,353.35, including freight for parts, miscellaneous charges and steam cleaning of the generator.

13. The Manager, Procurement and Contracts submitted for consideration of the Board analysis of bids received up to 2:00 p.m. Wednesday, December 15, 2004, for furnishing the Division with gasoline and diesel fuel for a period of 60 months.

The Board was advised that, after bids were received, it was decided that rather than enter into a 60-month commitment, MLGW would develop a joint bid with the City of Memphis and MATA to contract for the provision of gasoline and diesel fuel and explore opportunities for cost savings to MLGW and the other entities through a combined purchase. It is, therefore, recommended that the bids received be rejected on this basis.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, All bids for furnishing the Division with gasoline and diesel fuel be and are hereby rejected.

14. The Manager, Procurement and Contracts recommended that the Board of Light, Gas and Water Commissioners authorize MLGW, without prior City Council approval, to enter into an Inter-Divisional Cooperative Agreement for Fuel Purchasing with the City of Memphis for the period February 1 through June 30, 2005, for the purchase of gasoline and diesel fuel instead of rebidding MLGW's Fuel Purchases Contract when it expires on January 31, 2005.

This five-month period will allow MLGW time to develop a joint fuel bid with the City of Memphis and MATA for gasoline and diesel fuel when City Contract No. D16633 expires on June 30, 2005.

It is estimated that MLGW will purchase approximately \$1,139,750 of fuel based on Opis Premcor rack price effective December 13, 2004 and adjustment factors quoted to MLGW over the five-month period, which amount was approved by the Council of the City of Memphis in MLGW's 2005 Budget. This amounts to an estimated savings of \$3,000 for MLGW during this period of time.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to ratification by the Council of the City of Memphis under Ordinance No. 5046, MLGW is authorized to make fuel purchases under City Contract No. D16633 with the Truman Arnold Companies for five months for approximately 500,000 gallons of 87 octane gasoline to be furnished based on the Opis Premcor rack price in effect on the date of delivery with a plus adjustment factor of \$0.011 per gallon and approximately 500,000 gallons of #2 diesel low sulfur to be furnished based on the Opis Premcor rack price in effect on the date of delivery with a plus adjustment factor of \$0.012 per gallon. Gasoline and diesel fuel provided will be in accordance with the City's specifications. Additional charges that might occur consist of: pump charge for above ground tanks at \$30 each; demurrage charge for time in excess of 90 minutes at \$75; and setup for split delivery of \$30 each; and further,

THAT, The President or his designated Vice President is authorized to execute such documents and take such further actions as may be necessary to carry out the purposes of this resolution.

15. The General Counsel submitted to the Board the December 31, 2004 Quarterly Report of the Customer Advocate Committee. It is recommended that the Board approve and uphold the decisions reflected therein.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, The attached December 31, 2004 Quarterly Report of the Customer Advocate Committee is approved and will be upheld by the Board. (See Minute File No. 1265.)

16. The Vice President, Engineering submitted for consideration of the Board W. R. No. C3G89591 to transfer capital funds in the amount of \$90,000 for the purchase and installation of the equipment necessary to modify Morton Well No. 613 to use a submersible

pump and motor in place of a vertical turbine pump and motor. This work request includes the purchase and installation of a PVC line, new submersible pump, motor and accessories.

Funds will be taken from the 2005 Budget Morton Construction Replacement Well Item 40-15.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, W. R. No. C3G89591 in the amount of \$90,000 as outlined in the foregoing preamble is approved.

17. The Manager, Electric Engineering submitted for consideration of the Board release of the following utility easement:

PORTION of 5 ft. wide multi-purpose utility easement recorded under Instrument No. 02160606 in the Register's Office of Shelby County, Tennessee across the west lot line of Lot 51, Revised Final Plat, Shady Grove P.D., area "C", "D", "E1", "E2", and "F" (Normandy Park) as recorded in Plat Book 214, Page 40 in the Register's Office of Shelby County, Tennessee, to Charles A. Neale and wife, Beverly P. Neale or their successors in title for the sum of \$1.00.

Property addressed at 6151 Chapelle Circle, Memphis, TN 38119.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Release of easement across the above described property is approved; and further,

THAT, The Board of Light, Gas and Water Commissioners recommends to the Mayor of the City of Memphis that the appropriate release deed be executed releasing said easement to the current property owners for a consideration of \$1.00 each.

18. The Secretary-Treasurer advised the Board that an inscripeter's error should be corrected in Board of Light, Gas and Water Commissioners resolution dated December 16, 2004, regarding Average Compensation in the Retirement and Pension System.

The number of hours that equates to the one and two-year periods were incorrectly stated. The correct numbers, respectively, are 2,080 and 4,160, and were approved by the Council of the City of Memphis on January 18, 2005.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, The number of hours that equates to the one and two-year periods as stated in the Board of Light, Gas and Water Commissioners resolution dated

December 16, 2004, regarding Average Compensation in the Retirement and Pension System, are corrected as outlined in the foregoing preamble.

19. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11033, Satisfaction Survey, to Leaderpoint in an estimated/funded amount of \$28,500, with \$22,280 already paid for services performed.

MLGW contracted with Leaderpoint on October 19, 2004, to develop, design and implement an employee opinion survey and a community leadership satisfaction survey to ascertain the level of satisfaction that City, County and State officials have with MLGW under Agreement No. C1268, which will exceed the agreement value of \$24,999. An additional \$3,501 is needed to complete the services associated with the surveys. The new contract amount is not to exceed \$28,500.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11033 to Leaderpoint in an estimated/funded amount of \$28,500 is approved; and further,

THAT, The President or his designated representative is authorized to execute the contract.

20. WHEREAS, under recently enacted federal legislation expanding and restructuring the Board of Directors of the Tennessee Valley Authority (TVA), effective on or about May 18, 2005, the TVA Board has been expanded from three members to nine members; and

WHEREAS, West Tennessee including Memphis and Shelby County has never had a TVA Board member even though the Memphis Light, Gas and Water Division (MLGW) is TVA's largest customer; and

WHEREAS, the West Tennessee area including Memphis and Shelby County contribute significant amounts of revenues to TVA that are disproportionate to the amount of capital, jobs and facilities of TVA in this area; and

WHEREAS, the Board of Commissioners strongly urges the President of the United States to nominate at least two members to the TVA Board from West Tennessee including Memphis and Shelby County and the United States Senate confirm said nominees.

It was moved by Commissioner Clark, seconded by Commissioner Evans and unanimously carried:

THAT, The President of the United States nominate and the United States Senate confirm at least two residents of West Tennessee including Memphis and Shelby County to the Board of TVA; and further,

THAT, The President of MLGW and his staff and representatives take all actions that are necessary and proper to insure that the President and the Senate give proper and appropriate considerations to nominating at least two residents of West Tennessee including Memphis and Shelby County.

21. Mr. Lonzo Rosco, 3187 Harris Avenue, appeared before the Board to request reinstatement of his employment with MLGW. The Board upheld the decision made by MLGW senior management regarding this issue.

There being no further business presented, the meeting was adjourned.

SEE MINUTE FILE NO. 1265.

Secretary-Treasurer