

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
February 1, 2007

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at Memphis Light, Gas & Water Division, 220 S. Main, Thursday, February 1, 2007 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; Nick Clark, Commissioner; William L. Taylor, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Odell Horton, Jr., Vice President and General Counsel; Diana Veazey, Vice President, Construction and Maintenance; Alonzo Weaver, Vice President, Customer Operations; Christopher Bieber, Vice President, Engineering; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held January 18, 2007, that they be recorded as the official record, seconded by Commissioner Taylor, and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated January 16, 2007, Item No. 5, approving item approved by the MLGW Board at its meeting held January 4, 2007 (See Minute File No. 1289); and certified copies of City Council Resolutions dated November 7, 2006, Item Nos. 37 and 38, approving items approved by the MLGW Board at its meeting held October 5, 2006 (See Minute File No. 1286).

1. The Acting Manager of Procurement and Contracts presented for consideration of the Board of Light, Gas and Water Commissioners approval of Change No. 2 to Contract No. 9955, the 2006 payment to the Memphis and Shelby County Health Department for the "Partial Funding of Pollution Control" in the funded amount of \$141,269.15.

The project scope is for funding the Memphis and Shelby County Health Department, Pollution Control, Ground Water Quality Control Program, assessed at a

charge of .55 cents per meter for a total of 255,445 meters for 2006. In 1990, the Board approved Contract No. 9955 which called for additional Health Department personnel to be assigned to ground water protection activities and provide funding for these activities from the various municipal water systems.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, the 2006 payment for Contract No. 9955 to the Memphis and Shelby County Health Department in the amount of \$141,269.15, as outlined in the foregoing preamble, is approved; and further

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

2. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 10 to Contract No. 10569, Interactive Voice Response System (IVR) with Nortel Networks, Inc., to upgrade MLGW's interactive voice response system in the funded amount of \$127,967.

The project scope is changed due to Nortel retiring the existing VPS Platform effective December 31, 2007; after that time there will be no active field support after December 31, 2008 until the existing VPS Platform reaches end of life cycle with no field support. This IVR system upgrade, which handles approximately 61,000 calls per month, will allow MLGW Customer Care Center to continue to better serve our customers.

It is further recommended that the annual maintenance and support cost continue after the first year's warranty provided the prevailing annual support fee does not increase more than 10 percent. The new contract amount is \$1,015,014.20.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 10 to Contract No. 10569 with Nortel Networks, Inc. in the funded amount of \$127,967, as outlined in the foregoing preamble, is approved; and further

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

3. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 10 to Contract No. 10642,

Grounds Maintenance with Bean and Prince Contractors, Inc. to amend Change No. 9 to reflect the sixth renewal term only and to renew this contract for the seventh and final term beginning March 16, 2007 to March 15, 2008 in an estimated funded amount of \$576,321.30 which represents 2.5 % over last year's gross receipts.

The project scope is to perform spraying, trimming, weed-eating, brush clearing, mowing and other ground maintenance duties at various MLGW locations throughout the Memphis Metropolitan Statistical Area. Change No. 10 is amending the previous Change/Renewal No. 9, dated February 16, 2006, to reflect the sixth renewal term only and the current renewal for the seventh and final term beginning March 16, 2007 to March 15, 2008. The new contract value amount is \$4,133,726.83.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 10 to Contract No. 10642 with Bean and Prince Contractors, Inc. in an estimated funded amount of \$576,321.30, as outlined in the foregoing preamble, is approved; and further,

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

4. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners to ratify an Expedited Procurement Request to Contract No. 10718, Long and Short Term Disability with UnumProvident Corporation, to extend the current contract term effective February 1, 2007 to December 31, 2007 in an estimated funded amount of \$1,576,537.

The project scope is changed to extend the current contract term effective February 1, 2007 to December 31, 2007. This extension is necessary to allow for a new contract to proceed through the bid process by January 1, 2008. The new contract amount is \$8,566,882.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the ratification of the Council of the City of Memphis, Contract No. 10718 with UnumProvident Corporation in an estimated funded amount of \$1,576,537, as outlined in the foregoing preamble, is approved; and further,

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

5. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 6 to Contract No. 10903, Expanets Combined Maintenance Agreement with Converged Solutions Group, LLC (CSG), to assign the contract to Black Box Network Services with no increase in cost.

The project scope has changed to assign Contract No. 10903 to Black Box Network Services to continue the maintenance service. Black Box Network Services completed the acquisition of Converged Solutions Group, LLC (CSG) on December 22, 2005 and all terms and conditions of the contract will remain valid.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Change No. 6 to Contract No. 10903 with Black Box Network Services, as outlined in the foregoing preamble, is approved; and further,

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

6. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of an Expedited Procurement Request for Change No. 3 to Contract No. 11005, General Pest Control & Termite Treatment, with Control Pest Company of Tennessee, Inc., to add funds to the contract until the current contract expires June 30, 2007 in an estimated funded amount of \$8,000.

This change is necessary for additional funding to pay pending and future invoices until the current contract expires June 30, 2007. The accumulation of special service requests (e.g. snakes, brown recluse spiders, bees, gnats, termites) have depleted current allocated funds for the final renewal term, and a new contract is scheduled to be awarded by July 2, 2007. The new contract value amount is \$111,577.45.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Change No. 3 to Contract No. 11005 with Control Pest Company of Tennessee, Inc. in an estimated funded amount of \$8,000, as outlined in the foregoing preamble, is approved; and further,

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

7. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 4 to Contract No. 11020, Janitorial Services, with Kimco Corporation, to amend Change No. 3 to reflect an

Expedited Procurement Request and to renew this contract for the second term of four renewal terms in an estimated funded amount of \$646,788.50 which represents 3% over last year's gross receipts.

The project scope is to furnish material, labor and equipment necessary for performing housecleaning services at various MLGW facilities. Also, Change No. 4 is to amend Change No. 3 to reflect an Expedited Procurement Request to extend the contract for 30 days for the first renewal term from January 21, 2006 until February 21, 2006 and to correct the contract value amount from \$1,372,244.44 to \$1,310,055.72. Finally, this change renews this contract for the second term of four renewal terms beginning February 22, 2007 until February 21, 2008. The new contract value amount is \$1,956,844.22.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 11020 with Kimco Corporation, in an estimated funded amount of \$646,788.50, as outlined in the foregoing preamble, is approved; and further,

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

8. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of an Expedited Procurement Request for Change No. 5 to Contract No. 11069, Mobile Document Shredding Service with Shred-It, to extend the current contract on a month-to-month basis effective January 2, 2007 until a new contract is awarded with no increase in funding.

This change is necessary to extend the current contract on a month-to-month basis retroactive to January 2, 2007 until a new contract is awarded. Previously, Facilities and Loss Prevention had requested from area users their needs for this service and, therefore, additional time is needed to process bid documents. The contract value amount will remain the same.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Change No. 5 to Contract No. 11069 with Shred-It, with no increase in funding, as outlined in the foregoing preamble, is approved; and further,

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

9. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of radio equipment which will be used by MLGW employees to dispatch, tract and monitor the radio system and employees throughout the Division.

Bids were received on December 13, 2006. The lowest bidder of two bidders was the firm of Motorola, c/o Integrated Communications, in the amount of \$90,475.11.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract with Motorola c/o Integrated Communications is approved for furnishing:

- 1 – IFR Model R1775A dynamic signal analyzer at \$28,055 each;
- 11 – Motorola WPLN4111 AR single charges at \$117.45 each;
- 10 – Wilson 804005 bi-directional amplifiers at \$647 each;
- 1 – Motorola DSPREM816460 digital simulcast module card at \$8,992.50 each;
- 3 – Motorola T5544MTR2000 UHF repeaters at \$6,949.10 each;
- 7 – Motorola HT750 portable radios at \$529.20 each;
- 4 – Motorola NMN6191 speaker-microphones at \$82.24 each;
- 10 – Motorola VRM850 vehicular modems at \$2,078.50 each

totaling \$90,475.11; f.o.b. Memphis, TN, transportation prepaid; said price being firm; delivery within six weeks.

10. The Acting Manager of Procurement and Contracts requested the Board's permission to amend Purchase Order #124564 and #124565 with Danka for rental of two digital copier/printer systems. All existing terms and conditions will remain the same.

On March 3, 2005, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for rental of two Kodak digital black and white copier/printer systems. The original award amount was approximately \$819,648 with firm prices for the length of the contract with estimated usage based on past records. These copier/printer systems are utilized for all MLGW high volume printing, including the utility bills. MLGW is currently in month 20 of the 36-month agreement. Since the original award, technology has advanced significantly. Therefore, MLGW would like to exercise the option of upgrading this equipment at this time. The upgrade is for two Kodak EX150 copier/printer systems which would reduce MLGW's monthly rental cost

by \$1,048. Usage charges would remain the same. Additionally, the upgrade will extend MLGW's current contract for an additional 24 months. Total expenditures to date on this contract are \$414,208.38. An additional approval in the amount of \$467,552.38 is requested to allow MLGW to extend this contract for an additional 24 months.

Furthermore, MLGW would like to exercise the option to rent an additional copier/printer system to be located at MLGW's Netters Business Operations Center and is to be utilized primarily as a backup for printing utility bills. The rental period would be concurrent with the above copier/printer systems. Danka has offered a Kodak 9110 system at \$1,996 per month with copies over 200,000 to be charged at \$.0045 per copy. An additional approval in the amount of \$71,856 is requested to allow MLGW to rent an additional copier/printer system.

Additional approval of \$539,408.38 will bring the total approval amount to \$1,359,056.38.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Purchase Order number 124564 and number 124565 with Danka will be amended as outlined in the foregoing preamble.

11. The General Counsel advised the Board that a lawsuit was filed against MLGW by Wilmer Collins disputing the value of property acquired by MLGW at Shelton Road and Collierville-Arlington Road for the location of a substation and seeking rescission of the sale or additional payment reflecting the value of the property, Chancery Court No. 108252.

The Chancery Court previously approved a settlement of this matter in which the parties would submit the valuation issue to a neutral appraiser to determine value. That has been done and the court has entered an order requiring MLGW to pay an additional \$106,000 to plaintiffs in accordance with the findings and opinion of that neutral appraiser.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, The General Counsel's request for authorization of \$106,000 as full and final settlement of Wilmer L. Collins, et al v. MLGW Chancery Court No. 108252 in accordance with the judgment of the Court be and is hereby ratified.

12. The President and CEO submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1290):

Position No. 02374, Teller
Position No. 03945, Distribution Design Engineer I
Position No. 05637, Customer Service Technician I
Position No. 05703, Distribution Design Engineer I
Position No. 05803, Distribution Design Engineer I
Position No. 06117, Section Supervisor, Corporate Security
Position No. 06120, Customer Accounts Representative
Position No. 06129, Medical Service Coordinator

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Position numbers 02374, 03945, 05637, 05703, 05803, 06117, 06120 and 06129, as listed in the foregoing preamble, are approved.

13. WHEREAS, appropriate departments of the Engineering Division and the Vice President of Engineering approved the release of the utility easement as follows:

A 5-foot wide electric distribution utility easement recorded under Instrument Number V4-7277 in the Register's Office of Shelby County, Tennessee across a parcel of land described under Instrument Number Y3-5709 in the Register's Office of Shelby County, Tennessee to James M. Patton and wife Judy W. Patton, or their successors in title for the sum of \$1.00.

Property located at 3175 Oak Manor Drive, Germantown, TN 38138.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Release of said 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.

14. The Acting Manager of Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners the rejection of proposals for Contract No. 11151, Advanced Metering Infrastructure.

Eight proposals were received and opened on August 28, 2006; however, after a thorough and careful evaluation of the proposals, none of the respondents' proposals met MLGW's needs for Advanced Metering Infrastructure.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, The proposals for Contract No. 11151, Advanced Metering Infrastructure be and is hereby rejected.

15. Bill Hawkins, Assistant Business Manager, IBEW Local 1288, 4000

Clearpool Circle, appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1290.

Secretary-Treasurer