

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
February 2, 2006

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, February 2, 2006 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; Carolyn Turman, Interim Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Commissioner James L. Russell was not in attendance.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held January 19, 2006, 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 17, 2006, as follows: Item Nos. 5 and 6, approving Heath Contract No. 11042 and A&L Contract No. 11062, approved by the MLGW Board at meeting held October 20, 2005 (see Minute File No. 1274); and Item Nos. 7 through 13, approving items approved by the MLGW Board at meeting held January 5, 2006 (see Minute File No. 1277.)

The Secretary-Treasurer updated the Board on City Council matters.

1. The Manager, Procurement and Contracts requested that the Board of Light, Gas and Water Commissioners ratify the Expedited Procurement Request for long and short-term disability premium for Contract No. 10718, Long and Short-Term Disability, to UnumProvident Corporation in the funded amount of \$1,539,901.79.

The project scope is for an increase in premium rates on long and short-term disability in the funded amount of \$1,539,901.79. The premium payment will be a fifty-fifty split between MLGW and MLGW employees. The term will be effective from February 1, 2006 until January 31, 2007.

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

THAT, Subject to the ratification of the Council of the City of Memphis, award of long and short-term disability premium for Contract No. 10718 to UnumProvident Corporation in the amount of \$1,539,901.79, as outlined in the foregoing preamble, is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 5 to Contract No. 10705, Oracle Software License and Services Agreement, with Oracle Inc., to change the scope for additional software licenses and support in the funded amount of \$107,097.70.

The project scope has changed to add license and support for Self-Service Tutor and iRecruitment for the implementation of e-Business Suite software. The new contract amount is \$2,403,482.20.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 5 to Contract No. 10705 with Oracle Inc., in the funded amount of \$107,097.70, 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 Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 2 to Contract No. 11016, Drug and Alcohol Collection Provider, with True Test Collection to renew the contract for the first term, May 6, 2006 to May 5, 2007, in an estimated funded amount of \$30,026.

The project scope is to collect urine specimens and deposit the collected specimens at an approved laboratory, and conduct breath alcohol test in Memphis and Shelby County, Tennessee in accordance with the Department of Transportation Drug

Testing Guidelines, 49 CFR, Part 199 and Part 40. This is the first of four one-year renewals. The new contract amount is \$60,052.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 11016 with True Test Collection in an estimated funded amount of \$30,026, as outlined in the foregoing preamble, is approved; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing Polyethylene (PE) gas fittings which replenishes inventory material for distribution and/or contract crews to install and/or maintain the gas distribution system. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 12 months (with a 24-month extension option.) During the length of this contract, quantities will be driven based on actual need for PE gas fittings.

Bids were opened on January 18, 2006. The lowest and best complying bidder of two bidders was Continental Industries, in the amount of \$153,582.50.

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

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

System contract for a 12-month period (with a 24-month extension option) for maintaining specified stocks of PE gas fittings to be furnished as released by MLGW, with any additional requirements to be added at mutually agreed upon prices during the period of this contract

totaling \$153,582.50; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm first 12 months with an extension option up to 24 months; delivery in 24 days.

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing tap kits and terminal kits which replenishes inventory material for distribution and/or contract crews to install and/or maintain electric system. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 36 months. During the length of this contract, quantities will be driven based on actual need for tap kits and

terminal kits. This contract will also allow the Division to have quick access to tap kits and terminal kits in emergency situations.

Bids were opened on January 18, 2006. The lowest and best complying bidder of three bidders was Tennessee Valley Electric Supply Company. The approximate total for all items is \$734,307.50

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Tennessee Valley Electric Supply Company is approved for furnishing:

Blanket contract for a 36-month period for providing tap kits and terminal kits as released by MLGW. If a need for additional items of these groups of materials or design changes to existing items is identified during the period of this contract, supplier will be requested to add the new items or make changes to the existing items on the contract at a price agreeable to both MLGW and supplier. A copy of all unit prices to be placed on file in General Accounting

total award for 36 months amounts to approximately \$734,307.50; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for the first 12-month period with a maximum increase of 5% per subsequent 12-month period; terms are ½ of 1%-10 days, net 30 days; delivery as required.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing 20 capacitor cans and five capacitor banks to be used to increase system capacity by maintaining the power factor, regulate system voltage and reduce system losses.

Bids were opened on January 13, 2006. The most responsive bidder of three bidders was Tennessee Valley Electric Supply Company in the amount of \$44,915.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Tennessee Valley Electric Supply Company is approved for furnishing:

20 – Cooper Power Supply Model No. CEP05026B1 – 300 KVAR Capacitor Cans in accordance with MLGW specification 40-28XX dated August 31, 1992, at \$635 each

5 – Cooper Power Supply – 1800 KVAR, 3 phase, switched, overhead capacitor banks in accordance with MLGW specification 40-2XXX dated December 9, 2003, at \$6,443 each

totaling \$44,915; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 25 weeks.

7. The Manager, Procurement and Contracts recommends to the Board of Light, Gas and Water Commissioners that it ratify the award for emergency Purchase Order No. 126776 to Novell, Inc. for licenses and maintenance of Novell software. This emergency purchase was necessary after an audit revealed that MLGW is currently out of compliance on the above software. Maintenance previously approved by the Board also expires on February 1, 2006.

It is further requested that staff be allowed to renew the software license and maintenance on an annual basis for the products originally provided as long as the cost does not exceed 10% of the prior year's cost.

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

THAT, Award of emergency purchase order as outlined below is ratified and will be sent to the Council of the City of Memphis for ratification:

Purchase Order No. 126776 has been issued to Novell, Inc. for license and maintenance on current software being utilized by MLGW in the amount of \$258,809.00; and further,

THAT, License and maintenance for each subsequent year is approved provided the cost does not exceed 10% of prior year's cost.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing one 25.8kV, 40kaIC power circuit breaker in accordance with MLGW Specifications dated January 20, 2006 and Data sheet "B4NC" dated January 20, 2006 for Substation 72. The circuit breaker is required for the capacitor bank installation at Substation 72 and this substation feeds Shaw Pumping Station which is a critical facility for our water system. The power circuit breaker is necessary to energize the summer peak load in 2006.

Bids were opened on January 30, 2006. The lowest and best complying bidder of five bidders was Siemens PT&D c/o Utility Sales Agency in the amount of \$34,995.

Furthermore, the staff requests permission to issue the purchase order upon approval at the February 2, 2006 board meeting in order to meet the project deadline by June, 2006.

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

THAT, Award of purchase order as outlined below will be sent to the Council of the City of Memphis for ratification:

Siemens PT&D c/o Utility Sales Agency providing one – 25.8 kV, 40kaIC power circuit breaker in accordance with MLGW Specifications dated January 20, 2006 and Data sheet “B4NC” dated January 20, 2006, at \$34,995 each

totaling \$34,995; f.o.b. Memphis, Tennessee, transportation prepaid; our dock, said prices being firm; delivery 14 weeks after receipt of order.

9. The Vice President, Construction and Maintenance presented for consideration of the Board invoice from Tennessee One Call System, Inc. in the amount of \$80,831.65 for annual membership dues for the year 2006 plus locate request tickets.

This amount is included in the 2006 Budget.

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

THAT, Continued participation in and payment of annual membership dues in the amount of \$80,831.65 to Tennessee One Call System, Inc. is approved; and

THAT, The Secretary-Treasurer is authorized to have check drawn in the amount of \$80,831.65 payable to Tennessee One Call System, Inc.

10. The Vice President, Customer Operations submitted for consideration of the Board, payment of an invoice from the U.S. Department of Transportation (DOT) Department of Pipeline and Hazardous Materials Safety Administration for pipeline user fee.

MLGW is assessed \$26,424.10 for fiscal year 2006. The basis of this assessment is \$148.45 per mile of the 178 miles of natural gas transmission pipeline reported on the Annual Report for Gas Transmission and Gathering Systems.

Funds for this fee are included in the 2006 budget.

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

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$26,424.10, payable to the U.S. Department of Transportation.

11. By unanimous consent, Item No. 11, amendment to Salary No. S-77416 for the position of General Auditor, was deleted from the agenda.

12. The President submitted for approval of the Board position numbers 00342, 00426, 00519, 00634, 00632, 01246, 01797, 02924, 03182, 03416, 04201, 05423, and 05848, as listed on the attached documents. (See Minute File No. 1278.)

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

THAT, Position numbers 00342, 00426, 00519, 00634, 00632, 01246, 01797, 02924, 03182, 03416, 04201, 05423, and 05848, as listed on the attached documents, are approved.

13. The Manager, Electric Engineering presented for consideration of the Board, a Lease Agreement to Bruce Yancy, property being shown on the attached sketch (see Minute File No. 1278) and more particularly described as follows:

Tax Parcel Numbers D2/43/102, D2/43/173, D2/43/175, and D2/43/286.

1. The term of the lease is for three years commencing January 1, 2006 and ending December 31, 2009, with the option to renew or extend the lease for one additional and consecutive term of three years commencing January 1, 2010 and terminating December 31, 2013.
2. Lessor shall be paid an annual rental fee as follows:

January 1, 2006 through December 31, 2009 = \$4,950.00 Annually
= \$14,850.00 (three year term)

An increase of 10% will be charged for the exercise of the second term.

January 1, 2010 through December 31, 2013 = \$5,445.00 Annually
= \$16,335.00 (three year term)
3. Lessor reserves the right to install, operate and maintain, on the premises any necessary facilities, equipment and appurtenances required by Lessor in conjunction with its current utility operations, provided that said installation, operation and/or maintenance does not interfere with Lessee's facilities, equipment or business operations. Lessor's employees, agents, or assigns will use reasonable care in making all installments or repairs.
4. Lessee shall maintain such insurance in amounts and with insurance companies satisfactory to Lessor.
5. All utility easements of record.
6. It is the sole responsibility of Lessee to obtain and comply with all Local, State and Federal Laws.
7. The leased property is to be used by Lessee for the purpose of normal agriculture practices only.

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

THAT, The leasing of the property as described in the above preamble to Bruce Yancy for the above stated terms and consideration be and is hereby approved; and

THAT, The President of the Division or his designated representatives be and is hereby authorized to execute the appropriate Lease Agreement.

14. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it approve cancellation of purchase order number 123900 made to Trinity Technologies, Inc. at the Board's meeting of November 18, 2004 for a 60 month contract for MLGW's requirements of personal and laptop computers.

Trinity Technology, Inc. has advised they are unable to furnish the computers in accordance with MLGW specifications. It is therefore her recommendation and that of the Division's Office Automation Department that this contract be canceled and awarded to the next lowest and best complying bidder, Thomas Consultants, Inc. for the remainder of the 60 month period in the amount of approximately \$1,974,572.00.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award to Trinity Technologies, Inc. is rescinded and award of contract with Thomas Consultants, Inc. is approved for furnishing:

Requirements of MLGW computer equipment for a 48-month period to be furnished as released by MLGW at the price Dell affords MLGW plus five percent during the period of this contract

the total award amounts to approximately \$1,974,572.00; f.o.b. Memphis, Tennessee, transportation prepaid.

15. Ms. Sandra Kinsey, 7613 Dexter Hills, appeared before the Board to discuss various issues.

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

SEE MINUTE FILE NO. 1278.