

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
February 17, 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, February 17, 2005 at 1:30 p.m. The following were in attendance: L. R. Jalenak, Chairman; Rick Masson, Vice Chairman; James L. Russell, 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. Commissioner V. Lynn Evans was not in attendance.

Commissioner Russell moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held February 3, 2005, that they be recorded as the official record, seconded by Vice Chairman Masson and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated February 1, 2005, Item Nos. 3 through 13, approving items approved by the MLGW Board at meeting held January 20, 2005. (See Minute File No. 1265.)

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11015, Certified Laboratory for Drug Testing, to Advanced Toxicology Network in the funded amount of \$12,816.

The project scope is to provide services required to perform laboratory analysis of urine specimens and to provide any re-testing, associated storage and record-keeping functions in Memphis and Shelby County, Tennessee, in accordance with the Department of Transportation Drug Testing Guidelines, 49CFR, Part 199 and Part 40, both current and as amended.

Proposals were opened on October 13, 2004, with the most qualified proposal of three proposals being from Advanced Toxicology Network.

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

THAT, Award of Contract No. 11015 to Advanced Toxicology Network in the amount of \$12,816 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 award of Contract No. 11016, Drug and Alcohol Collection Provider, to True Test Collection in the funded amount of \$20,026.

The project scope is to provide services required to collect specimens and deposit the collected specimens at an approved laboratory, and conduct breath alcohol tests in accordance with the Department of Transportation Drug Testing Guidelines, 49CFR, Part 199 and Part 40, both current and as amended in Memphis and Shelby County, Tennessee.

Proposals were opened on October 13, 2004, with the most qualified proposal of three proposals being from True Test Collection.

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

THAT, Award of Contract No. 11016 to True Test Collection in the amount of \$20,026 as outlined in the foregoing preamble is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11029, Variable Frequency Drive Replacement at Lichterman, to Tri-State Armature and Electrical Works, Inc. in the funded amount of \$126,001.

The project scope is to replace the existing adjustable frequency drive unit with a new unit consisting of a 480 volt adjustable frequency drive, 480 volt three-phase motor, power/isolation transformer, controls, power and instrumentation cables and wiring for a complete installation at the Lichterman Water Pumping Station located at 3426 Hickory Hill Road.

Bids were opened on February 2, 2005, with the lowest and best bidder of four bidders being Tri-State Armature and Electrical Works, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11029 to Tri-State Armature and Electrical Works, Inc. in the amount of \$126,001 as outlined in the foregoing preamble is approved; and further,

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

4. The Manager, Procurement and Contracts presented for consideration of the Board of Light, Gas and Water Commissioners the 2005 payment to the Memphis and Shelby County Health Department under Contract No. 9955, Partial Funding of Pollution Control, in the funded amount of \$137,788.20.

The project scope is funding for the Memphis and Shelby County Health Department, Pollution Control, Ground Water Quality Control Program, assessed at the charge of .55 cents per meter for a total of 250,524 meters for 2005. 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 Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, the 2005 payment under Contract No. 9955 to the Memphis and Shelby County Health Department in the amount of \$137,788.20 as outlined in the foregoing preamble is approved; and further,

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

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 6 to Contract No. 10621, Line Clearance, with Blume Tree Services, in an estimated/funded amount of \$500,000, with no increase in present contract rates.

The project scope is changed to extend the contract not to exceed 60 days beginning March 1, 2005. The current contract expires February 28, 2005 for the fourth and final term before a new contract can be implemented. Due to the recent audit, the contract language revisions have not been approved. The new contract amount is \$24,673,811.04.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 6 to Contract No. 10621 with Blume Tree Services in an estimated/funded amount of \$500,000 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 Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 8 to Contract No. 10634, Security Services, with CDA, Inc. in an estimated/funded amount of \$902,096.

The project scope is changed for the current contract invoices until the new security contract takes effect on April 1, 2005. The shortfall is for December, 2004 in the amount of \$272,096.22 and for January to March, 2005 in the amount of \$630,000. This is due primarily to unbudgeted expenditures associated with Water Pumping Station security and unbudgeted expenditures on a Code Orange the end of 2003 and first part of 2004. The new contract amount is \$8,221,238.08.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 8 to Contract No. 10634 with CDA, Inc. in an estimated/funded amount of \$902,096 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 Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 5 to Contract No. 10724, Mobile

Sweeper Cleaning, with Horizon of Memphis for an additional three-month period in the funded amount of \$1,950.

The project scope is changed to cover the cost for an additional three-month period through April 30, 2005 for sweeping construction site of the new MLGW Electric Substation No. 76 located at 410 N. Dunlap. The new contract amount is \$175,046.40.

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

THAT, Change No. 5 to Contract No. 10724 with Horizon of Memphis in the funded amount of \$1,950 as outlined in the foregoing preamble is approved; and further,

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

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 10962, Painting of Fire Storage Tank, with Aetna Coatings, Inc. to cover equipment down time and mobilization costs in the funded amount of \$30,150.

The project scope has changed to remedy the removal, re-blast and application of interior and exterior coatings based upon conclusions and recommendations outlined in REOD, LLC's failure analysis report dated November 26, 2004 of the Capleville LNG fire water storage tank. The new contract value is \$108,150.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 10962 with Aetna Coatings, Inc. in the funded amount of \$30,150 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 Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners awards of contracts for network transformers and protectors which replenishes inventory material for distribution and/or contract crews to install and/or replace obsolete equipment to maintain the downtown electric network system.

Bids were opened on December 8, 2004, with the lowest and best complying bidders of six bidders being Carte International, Inc. in the amount of \$83,922; Central Moloney, Inc. in the amount of \$61,124; Utilicor in the amount of \$78,120; ACF Associates/Eaton Electric in the amount of \$65,298; and Richards Manufacturing Company Sales, Inc. in the amount of \$54,296.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, contracts for furnishing the Division with network transformers and protectors are awarded to:

Carte International, Inc. for one item (three units) – 1000 KVA transformers, oil-immersed self-cooled, subway-type, submersible, three-phase 60-cycle, with 13,200 volt delta primary 5% impedance, 480 WYE/277 volt secondary; to be furnished in full accordance with MLGW Specification No. 47-80XX dated October 7, 2003, at \$27,974 each

totaling \$83,922, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in nine weeks after receipt of order; and

Central Moloney, Inc. for one item (two units) – 1500 KVA transformers, oil-immersed self-cooled, subway-type, submersible, three-phase 60-cycle with 13,200 volt delta primary 7% impedance, 480 WYE/277 volt secondary; to be furnished in full accordance with MLGW Specification No. 47-80XX dated October 7, 2003, at \$30,562 each

totaling \$61,124, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 16 weeks after receipt of order; and

Utilicor for one item (two units) – 2000 KVA transformers, oil-immersed, self-cooled, subway-type, submersible, three-phase, 60-cycle, with 13,200 volt delta primary 7% impedance, 480 WYE/277 volt secondary; to be furnished in full accordance with MLGW Specification No. 47-80XX dated October 7, 2003, at \$39,060 each

totaling \$78,120, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 15 weeks after receipt of order; and

ACF Associates/Eaton Electric for one item (three units) – 1600 AMP protectors, 480 WYE/277 volt, submersible-type, automatic low voltage, to fit 1000 KVA 13,200 volt delta primary 5% impedance, 480 WYE/277 volt secondary, subway network transformers; to be furnished in full accordance with MLGW Specification No. 47-90XX dated August 5, 1999, at \$21,766 each

totaling \$65,298, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 12 weeks after receipt of order; and

Richards Manufacturing Company Sales, Inc. for one item (two units) – 3000 AMP protectors, 480 WYE/277 volt, submersible-type, automatic low voltage, to fit 2000 KVA, 13,200 volt delta primary 5% impedance, 480 WYE/277 volt

secondary, subway network transformers; to be furnished in full accordance with MLGW Specification No. 47-90XX dated August 5, 1999, at \$27,148 each

totaling \$54,296, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in eight weeks after receipt of order.

The total award of all contracts amounts to \$342,760.

10. The Manager, Procurement and Contracts requested the Board's consideration for exercising the option to extend the contract for enrollment in the State of Tennessee Select Agreement for Microsoft products for an additional 12-month period. This will allow the Division to continue purchasing Microsoft software licenses and upgrades for use on Division-owned PC's at the State of Tennessee pricing levels.

On April 3, 2003, the Board approved contract for an initial 24-month period with the option to extend for an additional 12-month period. The Division was advised at that time by both the State of Tennessee and Microsoft that government agencies wishing to enroll under the State of Tennessee's agreement must utilize the State's vendor who is Software Plus. Therefore, this award was made to Software Plus.

It is now the recommendation of the Manager, Procurement and Contracts that the Board approve extension of this contract for an additional 12-month period.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, extension of contract with Software Plus is approved for furnishing the Division with:

Annual requirements of Microsoft products for an additional 12-month period, at approximately \$138,754.56 per year

totaling \$138,754.56, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; delivery as required; said price being firm.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for office supplies for a 36-month period. These office supplies will be used to provide necessary materials for the day-to-day operations of MLGW offices.

Bids were opened on November 3, 2004, with the lowest and best complying bidder of four bidders being Corporate Express in the amount of \$645,711.86, approximately.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Corporate Express is awarded contract for furnishing the Division with:

36-month blanket contract for office supplies at \$645,711.86 approximately

totaling \$645,711.86 approximately, f.o.b. the Division's facilities in Memphis, Tennessee, transportation prepaid; said prices being firm for one year with a maximum increase of 5% for each additional year; delivery as required.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for single-phase reclosers to allow installation of a new layer of protection and increase sectionalization for faulted lines on the systems.

Bids were opened on February 3, 2005, with the only bid received being from Tennessee Valley Electric Supply Company in the amount of \$41,775. This is a single source item through Tennessee Valley Electric Supply Company.

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

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

15 – Cooper Power Model No. KE4200 D 22 single-phase reclosers in accordance with MLGW specifications, at \$2,785 each

totaling \$41,775, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in eight weeks.

13. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for 600-volt EPR cable which replenishes inventory material for distribution and/or contract crews to install and/or maintain the electric system. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 60 months. During the length of these contracts, quantities will be driven based on actual need for 600-volt EPR cable. These contracts will also allow the Division to have quick access to said cable in emergency situations.

Bids were opened on August 4, 2004, with the lowest and best complying bidder of six bidders being Tennessee Valley Electric Supply Company. The total for all items is \$2,073,030, approximately.

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

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

60-month blanket contract for 600-volt EPR cable 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 the supplier. A copy of all unit prices will be placed on file in General Accounting

the total award for 60 months is \$2,073,030, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for the first three years except for metals escalation/de-escalation with an increase in years four and five between 2% to 3% plus metals escalation/de-escalation; delivery as required.

14. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for 60' boom lift to be used by distribution crews to reach areas that are not accessible by traditional equipment. This unit is light with all terrain capabilities, four-wheel drive, four-wheel steer and oscillating axles.

Bids were opened on January 5, 2005, with the lowest and best complying bidder of two bidders being United Rentals, Inc. in the amount of \$87,254.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, United Rentals, Inc. is awarded contract for furnishing the Division with:

1 – Model No. JLG600AJ 60' boom lift in accordance with Specification No. TAML-04-3076

totaling \$87,254, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 30 – 45 days.

15. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for utility bodies which will be installed on new or existing cab and chassis units with MLGW transportation fleet.

Bids were opened on January 19, 2005, with the lowest and best complying bidder of five bidders being Scruggs Equipment Company, Inc. in the amount of \$128,000.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Scruggs Equipment Company, Inc. is awarded contract for furnishing the Division with:

1 – Warner Model No. WT150-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$5,568 each

2 – Warner Model No. WT134-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$6,264 each

2 – Warner Model No. WT94-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$5,299 each

1 – Warner Model No. WT166-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$10,870 each

9 – Warner Model No. WT150-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$8,793 each

1 – Warner Model No. WT150-M-DW-HD-SP utility body in accordance with MLGW specifications, at \$9,299 each

totaling \$128,000, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in five to six weeks.

16. The Secretary-Treasurer stated that the Investment Committee had approved and was recommending to the Board of Light, Gas and Water Commissioners termination of investment contract with PIMCO (Pacific Income Management Company), and the portfolio in the amount of \$3.7 million, approximately, be liquidated and allocated to Brandywine Investment Trust.

The Secretary-Treasurer is authorized to negotiate and sign contract satisfactory to MLGW for services of Brandywine Investment Trust for benefit of the Post Retirement Fund with the usual provision for termination by either party upon 30 days written notice. He is to make arrangements for allocation of funds as outlined above.

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

THAT, The Secretary-Treasurer is authorized to give notice to PIMCO of portfolio liquidation in the amount of \$3.7 million, approximately; and further,

THAT, The Secretary-Treasurer is authorized to enter into contract with Brandywine Investment Trust to manage \$3.7 million, approximately, for benefit of the MLGW Post Retirement Fund; and further,

THAT, The Secretary-Treasurer is authorized to make arrangements for allocation of funds as outlined in the foregoing preamble.

17. The Manager, Electric Engineering submitted for consideration of the Board partial release of MLGW transmission line easement as follows:

PORTION of a 150-ft.-wide MLGW transmission line easement originally granted to the United States of America by Augusta Hooper Brough and described and recorded in Book 2566, Page 113 in the Register's Office of Shelby County, Tennessee. Said easement being subsequently deeded to the City of Memphis for the use and benefit of MLGW in Book 4077, Page 458 in the Register's Office of Shelby County, Tennessee, across tract of land described under Instrument No. 04207103 in the Register's Office of Shelby County, Tennessee, to Coastal Fuels, Inc., a Louisiana corporation, or its successor in title, for the sum of \$2,035. Property located south of the dead end of Woodland View Lane approximately 207 feet south of the south line of Woodland View Cove.

It was moved by Commissioner Clark, seconded by Commissioner Russell 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 an appropriate release deed be executed releasing said easement to the current property owner for a consideration of \$2,035.

18. The Vice President, Construction and Maintenance recommended to the Board of Light, Gas and Water Commissioners award of Emergency Procurement Request for Contract No. 11035, Emergency Electric System Support, to Dillard Smith Construction Company in the funded amount not to exceed \$595,000.

The project scope includes three identified work requests as follows:

W7E88693 - Underbuild Hacks Cross, Lowrance to Holmes - (installation of 7629 circuit feet of underbuild, 3288 circuit feet of reconductor, and installation/replacement of 50 poles) - in the amount of \$282,000; and

W7G59026 - Underbuild Forest Hill-Irene, Winchester to Shelby Drive - (installation of 4000 circuit feet of underbuild and installation/replacement of three poles) - in the amount of \$102,000; and

W7E89843 - Shelby Drive, Mayfield to Bailey Station - (installation of 8843 circuit feet of reconductor and installation/replacement of 31 poles) - in the amount of \$211,000.

This is a sole-source award to supplement internal resources to complete three electric system work requests in order to maintain system integrity and keep the system operational as defined by the Department of Planning Engineering's criteria and Dillard Smith is

the only contractor that can provide the required services in the required time constraints. The electric system work will be completed using existing employees, maximizing overtime and through the supplemental resources that will be provided by the contractor. This request is a temporary solution due to the time required to develop, let and award a contract.

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

THAT, Subject to the ratification of the Council of the City of Memphis, award of Contract No. 11035 to Dillard Smith Construction Company in the not to exceed amount of \$595,000 as outlined in the foregoing preamble is approved; and further,

THAT, The President or his designated representative is authorized to execute the contract and sign such documents as are necessary to implement this resolution.

19. Joseph Lee, III and Max Williams addressed the Board regarding organizational structure of MLGW and the City of Memphis.

20. J. D. Cox addressed the Board commending Mr. Lee's leadership as President of MLGW and recent communications with MLGW and the media.

21. Peggy Brewer advised the Board that MLGW will be asking the faith community for funds to assist MLGW customers in need.

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

SEE MINUTE FILE NO. 1266.

Secretary-Treasurer