

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
March 3, 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, March 3, 2005 at 1:30 p.m. The following were in attendance: L. R. Jalenak, Chairman; 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; Wade Stinson, Vice President, Construction and Maintenance; Alonzo Weaver, Vice President, Customer Operations; Chris Bieber, Vice President, Engineering; and Linda Peppers, Vice President and Chief Information Officer. Charlotte Knight-Griffin attended in the absence of Max Williams, Vice President and General Counsel.

Vice Chairman Masson moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held February 17, 2005, that they be recorded as the official record, seconded by Commissioner Russell and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated February 15, 2005, Item Nos. 9 through 11, approving items approved by the MLGW Board at meeting held February 3, 2005. (See Minute File No. 1266.)

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 11 to Contract No. 10019, State Tech Microcomputer Lab, with Southwest Tennessee Community College to extend the contract for the term July 1, 2001 through June 30, 2005, and to renew the contract for the term July 1, 2005 through June 30, 2006, in an estimated/funded amount of \$260,452, with \$220,452 already paid for services performed.

The project scope is an agreement between MLGW and Southwest Tennessee Community College for microcomputer lab services. The renewal covers the term July 1, 2005 through June 30, 2006, with the option to renew the agreement for four additional 12-month

terms. This renewal includes a rate increase for a day of training from \$600 to \$650, deletion of the 75% of tuition maintenance fee, and an increase in the minimum number of students from six to eight for credit classes. The new contract amount is \$737,960.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 11 to Contract No. 10019 to Southwest Tennessee Community College in an estimated/funded amount of \$260,452 as outlined in the foregoing preamble is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 5 to Contract No. 10898, Engineering and Architect Services, with Looney Ricks Kiss, Inc. (LRK) to cover the cost of labor spent to close out Construction Administration at the Netters Business Operations Center for the funded amount of \$5,497.03.

The project scope has changed to allow LRK to perform final Construction Administration work in the form of redesigning the building for positive pressure corrections, redesign computer room alarms for leak detection and finalize construction records retention. The new contract amount is \$469,437.03.

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

THAT, Change No. 5 to Contract No. 10898 with Looney Ricks Kiss, Inc. in the funded amount of \$5,497.03 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. 10996, Weaver Road Water Main Extension, with Nelson, Inc. for a directional bore to 560 feet of steel encasement due to unforeseen CN/IC Railroad encroachment activities across MLGW's designated right-of-way, for the funded amount of \$250,992.25.

The project scope has changed to allow Nelson, Inc. to perform directional bore to approximately 560 feet of steel encasement due to CN/IC Railroad creating a trash dump, cross-tie stockpile between bores one and two and small ponds developing between bores two and three as a result of unusual high flood stage. By directional drilling the spans, MLGW can comply with the current right-of-way agreement with the railroad. The new contract amount is \$725,036.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 10996 with Nelson, Inc. in the funded amount of \$250,992.25 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 36-month contract for ornamental poles which replenishes inventory material for distribution and/or contract crews to install and/or maintain electric systems.

Bids were opened on December 15, 2004, with the lowest and best complying bidder of three bidders being Southern Sales and Service Company, Inc. in the amount of \$748,500.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Southern Sales and Service Company, Inc. is approved for furnishing:

36-month blanket contract for ornamental poles

totaling \$748,500, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 15 weeks.

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for 1200 KVAR three-phase 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 February 11, 2005, with the lowest and best complying bidder of four bidders being Stuart C. Irby in the amount of \$46,580.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Stuart C. Irby is approved for furnishing:

10 – Maysteel Model No. 98L390WC40008 1200 KVAR three-phase capacitor banks in accordance with MLGW specifications, at \$4,658 each

totaling \$46,580, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 26 weeks.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for 1800 KVAR three-phase 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 February 14, 2005, with the lowest and best complying bidder of four bidders being Stuart C. Irby in the amount of \$62,710.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Stuart C. Irby is approved for furnishing:

10 – Maysteel Model No. 59L152WC41008 KVAR three-phase capacitor banks in accordance with MLGW specifications, at \$6,271 each

totaling \$62,710, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 26 weeks.

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

Bids were opened on February 4, 2005, with the only bid received being from Cooper Power c/o Tennessee Valley Electric Supply Company in the amount of \$33,320. This is a single-source item through Cooper Power c/o Tennessee Valley Electric Supply Company.

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

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

4 – McGraw-Edison No. KWVEXX three-phase reclosers in accordance with MLGW specifications, at \$8,330 each

totaling \$33,320, origin, transportation prepaid; said price being firm; delivery in eight weeks.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of 36-month contract for lease of two digital black-and-white copier/printer systems. Leasing cost to include all maintenance, parts, supplies (except paper, tape and staples), installation, removal and relocation charges. These systems are necessary to allow Communication Production to assume responsibility for the printing of the customer utility bills as well as maintain other MLGW-related work. The equipment currently used for this purpose is outdated and subject to frequent down time. MLGW reserves the right to upgrade equipment/systems at a price agreeable to both MLGW and Danka Office Imaging if technology advances significantly during the term of this contract.

Bids were opened on July 14, 2004, with the lowest and best complying bidder of three bidders being Danka Office Imaging in the amount of \$819,648 approximately.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Danka Office Imaging is approved for furnishing:

36-month contract for lease of one digital black-and-white copier/printer system at the rate of \$11,144 per month plus approximately \$540 per month for monthly expected usage of 850,000. 700,000 copies are included in the monthly rental with copy over runs to be charged at \$.0036 per copy and

36-month contract for lease of one digital black-and-white copier/printer system at the rate of \$10,544 per month plus approximately \$540 per month for monthly expected usage of 850,000. 700,000 copies are included in the monthly rental with copy over runs to be charged at \$.0036 per copy

totaling \$819,648, approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for the entire 36-month lease; delivery and installation within one month.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners cancellation of contract previously awarded to Utilicor for the purchase of 38' galvanized steel expressway poles due to inability to supply these poles correctly and in a timely manner.

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

THAT, Award of contract to Utilicor for 38' galvanized steel expressway poles is cancelled.

10. The Vice President, Engineering submitted for consideration of the Board, W. R. No. C3H02510 to transfer capital funds in the amount of \$22,000 for the purchase of two submersible pumps and motors with associated discharge heads for the use in Arlington Well Nos. 1 and 2.

Funds in the amount of \$22,000 will be taken from the 2005 Budget, Item 43-31, Arlington Distribution Improvements – Future Pumping Station.

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

THAT, W. R. No. C3H02510 in the amount of \$22,000 as outlined in the foregoing preamble is approved.

11. The Vice President, Engineering submitted for consideration of the Board, W. R. No. C3G99123 to transfer capital funds in the amount of \$70,000 for the installation of one of two pumps, available in storage at Sheahan, at a location in the Arlington area to improve the water distribution system in and around Arlington.

Funds in the amount of \$70,000 will be taken from the 2005 Budget, Item 43-31, Arlington Distribution Improvements – Future Pumping Station.

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

THAT, W. R. No. C3G99123 in the amount of \$70,000 as outlined in the foregoing preamble is approved.

12. By unanimous consent, Item No. 12, approval of Salary S-75542, was deleted from the agenda.

13. The Manager, Electric Engineering presented for consideration of the Board approval to acquire easement rights for a 225 ft. wide transmission line from Gary W. Taylor for a proposed Transmission Line Circuit, said property being shown on the attached sketch (see Minute File No.1267) and more particularly described as follows:

Easement across a tract of land conveyed to Gary W. Taylor by deed of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument No. 04184930, and designated Tract I and being the same property as shown on the attached plat prepared by Ollar Surveying Company dated January 4, 2005 and made a part hereof. (See Minute File No. 1267.)

Said easement is described in metes and bounds as prepared by Ollar Surveying Company and shown on Page 2 of this easement contract and made a part hereof.

Included with the right of the above described permanent easement is the right for MLGW to cut down and remove from the above described easement all trees and to trim all limbs overhanging into said easement. Any fencing within said easement must be approved by MLGW. Grantor of this easement further agrees to allow MLGW to remove any fences that would interfere with the operation of construction equipment within said easement. In the event fences are removed, MLGW will assume the responsibility at their cost to replace any fences removed in as good or better condition than they were at the time of their removal. MLGW shall be liable for any damages to growing crops by its employees or by its agents or contractors in the exercise of the easements and rights-of-ways during the construction process.

Property located on the south side of Kerrville-Rosemark Road and along the east side of Big Creek Drainage Canal.

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

THAT, The Board of Light, Gas and Water Commissioners recommends to the Council of the City of Memphis purchase of easement described in the above preamble from Gary W. Taylor, for and in consideration of \$81,957, to be funded from the Electric Division included in the 2005 Budget; and further,

THAT, The President or his designated representatives are hereby authorized to purchase easement described in the above preamble.

14. The Manager, Electric Engineering presented for consideration of the Board sale of Division-owned property as follows:

WHEREAS, the City of Memphis, for the use and benefit of Memphis Light, Gas and Water Division, is the owner of a tract of land acquired for use by the Gas Division, said portion of land being located on the south side of the Brunswick Work Center located at 3773 Brunswick Road, Bartlett, TN 38133; and

WHEREAS, the Memphis Light, Gas and Water Division has been offered by the City of Bartlett \$53,150 for the purchase of a surplus portion of land owned by Memphis Light, Gas and Water Division; and

WHEREAS, the approved policy for sale of Division-owned land permits the Board of Light, Gas and Water Commissioners to recommend to the Council of the City of Memphis a negotiated sale of land where in its opinion the land is situated such that a general interest in the purchase of the property could not conceivably be generated by the ad and bid procedure; and

WHEREAS, the subject property falls into this category and is described as follows:

BEGINNING at a found PK nail in the existing pavement of Brunswick Road, said point being the northeast corner of said property recorded in Instrument No. DE-0115 and the eastern most southeast corner of the City of Memphis property recorded in Instrument No. DD-5187; thence south 05 degrees 07 minutes 28 seconds east along the east line of said property recorded in Instrument No. DE-0115 and along the existing pavement of said Brunswick Road, 250.11 feet to a found PK nail in hole (head broken off) at the southeast corner of said property recorded in Instrument No. DE-0115 and the northeast corner of the Helen T. Webb property recorded in Instrument No. JT-4175; thence south 86 degrees 29 minutes 30 seconds west along the south line of said property recorded in Instrument No. DE-0115 and the north line of said property recorded in Instrument No. JT-4175, 373.97 feet to a set ½" rebar with plastic cap; thence north 03 degrees 32 minutes 19 seconds west across said property recorded in Instrument No. DE-0115, 249.93 feet to a set ½" rebar with plastic cap in the north line of said property recorded in Instrument No. DE-0115 and a south line of said property recorded in Instrument No. DD-5187; then north 86 degrees 28 minutes 40 seconds east along the north line of said property recorded in Instrument No. DE-0115 and a south line of said property recorded in Instrument No. DD-5187, 367.05 feet to the POINT OF BEGINNING and containing 92,615 square feet or 2.126 acres of land.

BEING A PORTION of the property conveyed to the City of Memphis, for the use and benefit of Memphis Light, Gas and Water Division, by deed of record recorded under Instrument No. DE-0115 in the Register's Office of Shelby County, Tennessee.

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

THAT, The Board of Light, Gas and Water Commissioners recommends to the Council of the City of Memphis the sale of property described in the above preamble to the City of Bartlett for and in consideration of \$53,150; and further,

THAT, The President of MLGW or his designated representative be and is hereby authorized to execute the appropriate Contract of Sale.



15. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for 38' galvanized steel expressway poles which replenishes inventory material for distribution and/or contract crews to install and/or maintain electric systems. This award replaces previous contract to Utilicor which has been cancelled.

Bids were opened on August 25, 2004, with the lowest and best complying bidder of four bidders being Union Metal Corporation c/o Ross & Associates in the amount of \$111,000.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Union Metal Corporation c/o Ross & Associates is approved for furnishing:

150 – Union Metal Design No. 1406-97607-01G 38' galvanized steel expressway poles in accordance with MLGW specifications, at \$740 each

totaling \$111,000, f.o.b. Memphis, Tennessee, transportation prepaid and add; said price being firm; delivery in 10 weeks.

16. The Vice President, Customer Operations submitted for consideration of the Board payment of invoice from the Tennessee Regulatory Authority for the annual pipeline safety inspection fee.

This fee is based on the number of gas meters and services with a cap of \$78,000 for systems with greater than 10,000 meters. The Division reported 330,769 gas meters for the year ending December 31, 2004; therefore, it is subject to the \$78,000 fee.

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

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$78,000, payable to the Tennessee Regulatory Authority for the annual pipeline safety inspection fee.

17. Alonzo Weaver, Eliza King and Mark Heuberger addressed the Board regarding the Smart Pay Program implemented March 1, 2005.

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

SEE MINUTE FILE NO. 1267.

Secretary-Treasurer