

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
March 15, 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, March 15, 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; Phillip R. Bowden, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Odell Horton, Jr., Vice President and General Counsel; 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. Diana Veazey, Vice President, Construction and Maintenance, was not in attendance.

Vice Chairman Evans moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held March 1, 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 March 6, 2007, Items 7 and 8, approving items approved by the MLGW Board at its meeting held February 1, 2007, and Items 9 through 14, approving items approved by the MLGW Board at its meeting held February 15, 2007. (See Minute File No. 1290.)

The Secretary-Treasurer updated the Board on pending MLGW matters.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11118, Roof Consultant, to Bigham Roof Consulting in the funded amount of \$60,000.

The project scope is to survey, design and provide specifications with drawings for the construction of 34 reroofs of various MLGW buildings in Memphis and Shelby County, Tennessee.

Proposals were received on October 5, 2006 for said contract, with the best proposal of two proposals being submitted by Bigham Roof Consulting.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11118 to Bigham Roof Consulting, in the funded amount of \$60,000, 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. 11182, Pharmaceutical Claims Audit, to Stephen Consulting Services, LLC, in an estimated funded amount of \$30,000.

The project scope is to provide a full pharmacy claims review to identify all claims that have not been paid in accordance with the pharmaceutical drug contract.

Three proposals were received on January 9, 2007 for said contract, with the best proposal being submitted by Stephen Consulting Services, LLC.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11182 to Stephen Consulting Services, LLC, in an estimated funded amount of \$30,000, 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. 11207, 12-inch Water Main Replacement Bore and Jack Installation, to Memphis Road Boring Company, Inc., in the funded amount of \$32,354.40.

The project scope is to provide a bore and jack installation of approximately 65 feet of 18-inch steel encasement under a double set of BNSF railroad tracks at McLemore and Dunnivant in Memphis and Shelby County, Tennessee.

Proposals were received on March 12, 2007 for said contract, with the best proposal of three proposals being submitted by Memphis Road Boring Company, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11207 to Memphis Road Boring Company, Inc., in the funded amount of \$32,354.40, 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 recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 5 to Contract No. 10912, Carpet Cleaning and Maintenance, with Kenny Floor Covering, Inc., in the funded amount of \$41,978.16.

The project scope has changed to renew the contract for a fourth and final term, May 30,2007 to May 29, 2008, which will allow Kenny Floor Covering to continue to provide all management, supervision, labor, materials, supplies and equipment to clean and provide carpet maintenance at the MLGW Administration Building and Netters Business Center. This renewal includes a rate increase of approximately 3.4%. The new contract amount is \$205,443.60.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 5 to Contract No. 10912 with Kenny Floor Covering, Inc., in the funded amount of \$41,978.16, 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 Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 3 to Contract No. 10973, Floor Maintenance, with Kimco Corporation, in the funded amount of \$21,905.17.

The project scope has changed to renew the contract for a third term of four renewal terms, July 14, 2007 to July 13, 2008, to allow Kimco to continue to perform VCT and Terrazzo floor maintenance at the MLGW Administration Building and Netters Business Center. This renewal includes a rate increase of approximately 3% over the current yearly rate. The new contract amount is \$83,966.74.

It was moved by Vice Chairman Evans, seconded by Commissioner Bowden and carried, with Commissioner Clark abstaining:

THAT, Change No. 3 to Contract No. 10973 with Kimco Corporation, in the funded amount of \$21,905.17, 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 Change No. 1 to Contract No. 11063, Cable Treatment and Rejuvenation, with Utilx Corporation, in an estimated funded amount not to exceed \$500,000.

The project scope has changed to renew the contract for the first term of four renewal terms, March 1, 2007 to February 28, 2008, which will allow Utilix Corporation to treat polymeric-type underground power cables on site in order to restore the cable dielectric strength in Memphis and Shelby County, Tennessee. The new contract amount is \$1,000,000.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 11063 with Utilx Corporation, in an estimated funded amount not to exceed \$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.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 11078, Professional Claims Adjusting Services, with Horton & Associates, in an estimated funded amount of \$160,000.

The project scope has changed to renew the contract for the first term of four renewal terms, April 1, 2007 to March 31, 2008, which will allow Horton & Associates to provide a professional services contract for claims adjustment services for MLGW as requested, including claims against MLGW involving vehicular accidents with personal injuries and/or property damage and claims by MLGW for damages to its property and utility infrastructure. The new contract amount is \$320,000.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 11078 with Horton & Associates, in an estimated funded amount of \$160,000, 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 the rejection of bids for black malleable fittings.

Four bids were received and opened on February 14, 2007. After a thorough and careful evaluation of the proposals, it was determined that none of the respondents' bids met MLGW's needs for black malleable fittings.

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

THAT, The bids for black malleable fittings be and are hereby rejected.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing trucks, vans and sedans which are used to maintain electric, gas and water systems, and for meter reading and various customer service functions. This equipment replaces existing equipment that will be retired.

Bids were opened on March 7, 2007. The lowest and best complying bidders of five bidders were the firms of Gossett Motor Cars for two items, and Crossroads Ford for eight items. The total for all items is \$871,772.12.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Gossett Motor Cars is approved for furnishing:

8 – 2007 Dodge Avenger four-door flex fuel (e85) mid-size sedans, in accordance with MLGW Specification No. TS-07-0008, at \$17,684.65 each

1 – 2007 Dodge Grand Caravan seven-passenger minivan, in accordance with MLGW Specification No. TVT-07-0027 at \$15,682.36

totaling \$157,159.56, f.o.b. Memphis, Tennessee, our dock, transportation prepaid, said prices being firm; delivery within 90-120 days; and further,

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

1 – 2007 Ford F-150 ½-ton full-size pickup truck with short wheelbase (swb) and fleet side bed, in accordance with MLGW Specification No. TPU-07-0065, at \$13,059.36

2 – 2007 Ford F-150 super cab (x12) ½-ton full size extended cab pickup trucks with a short wheel base (swb) and fleet side bed, in accordance with MLGW Specification No. TPT-07-0078, at \$15,997.36 each

29 – 2008 Ford F-150 super cab (x12) swb, ¾-ton full size long wheelbase (lwb) pickup trucks, in accordance with MLGW Specification No. TPU-07-0085, at \$15,487.77 each

1 – 2008 Ford F-250 ¾-ton full size, four wheel drive (4wd) long wheelbase (lwb) pickup truck, in accordance with MLGW Specification No. TPU-07-0086, at \$18,149.77

3 – 2008 Ford F-350 single-rear wheel cab and chassis with a 56-inch cab-to-axle dimension, in accordance with MLGW Specification No. TCC-07-1120, at \$16,047.77 each

1 – 2007 Ford S-150 ½ ton all-wheel drive (awd) or four wheel (4wd) cargo van with swing out cargo doors on the curb side, in accordance with MLGW Specification No. TVT-07-0031, at \$25,099.74

8 – 2007 Ford F-150 ½ ton full size pickup trucks with long wheel base (lwb) and fleet side bed, in accordance with MLGW Specification No. TPU-07-0075, at \$13,611.36 each

1 – 2007 Ford Explorer full-size, two-wheel drive (2wd) four door sport utility, in accordance with MLGW Specification No. TSUV-07-0055, at \$20,129.45

totaling \$714,612.56, f.o.b. Memphis, Tennessee, our dock, transportation prepaid, said prices being firm; delivery within 60 days.

The total of all awards amounts to \$871,772.12.

10. The Manager, Electric Engineering presented for consideration of the Board, a Lease Agreement to Cherry Point Sod Farms, LLC, property being shown on the attached sketch (see Minute File No. 1291) and more particularly described as follows:

BEING the same property conveyed to Ross-McGowan Properties, L.P., by deed of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument GF-6250, Tract 2 and part of Tract 1, said property being shown on the attached sketch and described as follows:

BEGINNING at a found railroad spike in the centerline of existing pavement in Stewart Road, said point being the northeast corner of said property recorded in Instrument No. GF-6250, Tract 2 and being in the west line of the Dawne Denise Jones property recorded in Instrument No. GT-3557; thence south 07 degrees 13 minutes 51 seconds east along the east line of said property recorded in Instrument No. GF-6250, Tract 2 and Tract 1, 3334.60 feet to a found 6" pipe at the southwest corner of said property recorded in Instrument No. GT-3557 and being in the north line of a 100' Wide Easement recorded in Instrument No. K4-5796; thence

south 76 degrees 09 minutes 52 seconds west along the north line of the Shelby County, Tennessee property recorded in Instrument No. J7-5393, Tract A (Circuit Court Decree No. 22932) and the north line of said 100' Wide Easement recorded in Instrument No. K4-5796, 932.87 feet to a set 1/2" rebar with plastic cap in the west line of said property recorded in Instrument No. GF-6250, Tract 1, the north line of said property recorded in Instrument No. J7-5393, Tract A (Circuit Court Decree No. 22932) and the east line of the Lester Needham and Mary L. Needham (Trustees) and Mary L. Needham and Lester E. Needham (Trustees) property recorded in Instrument No. HB-9453; thence north 07 degrees 27 minutes 12 seconds west along the west line of said property recorded in Instrument No. GF-6250, Tract 1 and the east line of said property recorded in Instrument No. HB-9453 passing a found railroad spike in the centerline of existing pavement in said Stewart Road at 3237.83 feet and continuing for a total distance of 3293.19 feet to a found axle at the northwest corner of said property recorded in Instrument No. GF-6250, Tract 1 and in the south line of the Lewis V. Ramsey and wife Sherryl A. Ramsey property recorded in Instrument No. X9-2439; thence north 82 degrees 35 minutes 53 seconds east along the north line of said property recorded in Instrument No. GF-6250, Tract 1 and along the south line of said property recorded in Instrument No. X9-2439, 253.90 feet to a set cotton picker spindle in the centerline of existing pavement in said Stewart Road, said point being the southwest corner of said property recorded in Instrument No. GF-6250, Tract 2; thence north 70 degrees 30 minutes 34 seconds east along the north line of said property recorded in Instrument No. GF-6250, Tract 2 and along the centerline of exiting pavement in said Stewart Road, 701.57 feet to the POINT OF BEGINNING and containing 3,073,793 square feet or 70.564 acres of land.

1. The term of the lease is for three years commencing January 1, 2007 and ending December 31, 2009, with the option to renew or extend the lease for one additional and consecutive term of three years.
2. Lessor shall be paid an annual rental fee as follows:

January 1, 2007 through December 31, 2009 = \$3,500.00 Annually
= \$10,500.00 (three-year term)

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

January 1, 2010 through December 31, 2013 = \$3,850.00 Annually
= \$11,550.00 (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 installations or repairs.
4. Lessee agrees to carry 1 million (\$1,000,000.00) Liability Insurance Policy on leased property.
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 common farming practices only.
8. Lessee cannot cut, sell, or remove any timber located upon leased property.

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

THAT, The leasing of the property as described in the above preamble to Cherry Point Sod Farms, LLC 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 are hereby authorized to execute the appropriate Lease Agreement.

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

A 6-ft.-wide electric distribution utility easement recorded in Instrument No. BW-0545 in the Register's Office of Shelby County, Tennessee across Lot 6 as described in Plat Book 111, Page 34 Applying Corporate Center Subdivision in the Register's Office of Shelby County, Tennessee, to Bruce S. Conley and wife, Debra Denise Conley or their successor in title for the sum of \$1.00.

Property address is 2975 Brother Blvd, Bartlett, Tennessee, 38133.

It was moved by Vice Chairman Evans, seconded by Commissioner Bowden 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.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 2 to Contract No. 11041, Right-of-Way Mowing, with Bean & Prince Contractors, Inc., in an estimated funded amount of \$139,912.50.

The project scope is to perform grass mowing on MLGW rights-of-way on an as-needed basis in Memphis and Shelby County, Tennessee; to correct Change No. 1 to include \$800 (\$130,000 + \$800 = \$130,800); and to renew the contract for the second term of four renewal terms, July 3, 2007 to July 2, 2008. The estimated funded amount as mentioned above represents an overall increase of 2.5% over current rates due to cost-of-living expenses as well as rising fuel costs. The new contract amount is \$407,212.50.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 11041 with Bean & Prince Contractors, Inc., in an estimated funded amount of \$139,912.50, as outlined in the foregoing preamble, is approved; and further,

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

13. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 11079, Vector Control Fee, with Memphis and Shelby County Health Department. This renews the contract for the first term of four renewal terms, retroactive to October 1, 2006 through September 30, 2007. This resolution allows MLGW, upon proper notification from the Board, to add a fee to the utility bill of each rate payer, presently \$0.75 per month. On the 20th of each month, MLGW will remit to Memphis and Shelby County Health Department the sum of all fees billed in the prior month, less a service fee of 2%.

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

THAT, Change No. 1 to Contract No. 11079 between MLGW and Shelby County Health Department for the billing and collection of a Vector Control Fee within Memphis and Shelby County, Tennessee, as outlined in the foregoing preamble, is approved; and further,

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

14. Joe Saino, 6560 Kirby Forest Cove, appeared before the Board to discuss various matters.

15. William Gotten, 6426 Kirby Oaks Cove, appeared before the Board to discuss various matters.

16. W. R. "Dick" Gardiner, 1734 Gosnold Bluff Road, appeared before the Board to discuss various matters.

17. William Adler, 5650 Gladeview, appeared before the Board on behalf of Ida Smith.

18. Rich Gilstrap, Vice President and General Counsel, A & L Underground, Inc., read a statement into the record (see Minute File No. 1291).

19. John McCullough and Dana Jeanes addressed the Board regarding cash balances.

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

SEE MINUTE FILE NO. 1291.