

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
April 19, 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, **April 19, 2007** at 1:30 p.m. The following were in attendance: 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; Christopher Bieber, Vice President, Customer Operations; Alonzo Weaver, Vice President, Engineering; Armstead Ward, Vice President, Human Resources; Linda Peppers, Vice President and Chief Technology Officer; and Carol Chumney, City Council Member. Diana Veazey, Vice President, Construction and Maintenance, was not in attendance. Due to the absence of Rick Masson, Vice Chairman Evans and Commissioner Clark served as Acting Chairman at separate times during the meeting.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held **April 5, 2007**, that they be recorded as the official record, seconded by Commissioner Bowden, and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated April 10, 2007, Items 6 through 13, approving items approved by the MLGW Board at its meeting held March 15, 2007. (See Minute File No. 1291.)

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 3 to Contract No. 10478, Electric Meter Reading System, with Itron, Inc. in the funded amount of \$173,040.

The project scope is modified to purchase additional handheld electronic meter reading systems to replace aging and failing equipment to compliment the existing units to continue the meter reading process. The equipment consists of 36 FC200R handheld units, and six Multi-Drop Desk Dock units.

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%. The new contract amount is \$1,508,914.90.

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. 3 to Contract No. 10478 with Itron, Inc., in the funded amount of \$173,040, 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 ratification of Expedited Procurement Request for Change No. 2 to Contract No. 10734, Parking Management Services, with Central Parking System, with no increase in contract amount.

The change is necessary to extend the current contract on a month-to-month basis retroactive to April 1, 2007 until a new contract is awarded. MLGW receives payments from this parking management company instead of MLGW paying this company.

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

THAT, Change No. 2 to Contract No. 10734 with Central Parking System, with no increase in contract amount, 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. 1 to Contract No. 10793, Professional Portfolio Software, with Advent Software, Inc. in the funded amount of \$22,349.69. The new contract amount is \$185,016.55.

The project scope is to provide software license and maintenance support to MLGW with AXYS and DTC Interface products for the period May 11, 2007 to May 10, 2008. It is further recommended that maintenance for the AXYS and DTC Interface products be purchased, provided the cost does not exceed 10% over the prior year's change. The 12-month maintenance cost for the products is \$22,349.69.

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

THAT, Change No. 1 to Contract No. 10793, Professional Portfolio Software, with Advent Software, Inc. in the amount of \$22,349.69, 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 approval of Change No. 6 to Contract No. 10857, LNG Property/Boiler Machinery Insurance, with Hilb, Rogel and Hobbs, in the funded amount of \$230,630.

The project scope is to provide insurance coverage on property, boilers and machinery at the MLGW LNG Plants located in Arlington and Capleville, and to renew the policy for the period June 1, 2007 to May 31, 2008. The new contract amount is \$2,143,724.

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. 6 to Contract No. 10857 with Hilb, Rogal and Hobbs in the funded amount of \$230,630, as outlined in the foregoing preamble is approved; and further, ,

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

5. By unanimous consent, Item No. 5, approval of Change No. 2 to Contract No. 11004, Human Resources and Payroll Systems, with KBACE Technologies, was deleted from the agenda.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 11138, Building Addition for North Service Center Building No. 3, with HASCO, Inc., in the funded amount of \$5,046. The new contract amount is \$168,346.

The project scope is to construct building additions at MLGW's North Service Center Building No. 3, located at 1060 Tupelo, Memphis, Tennessee. This change is due to unforeseen soil problems and encountering abandoned concrete while excavating.

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

THAT, Change No. 1 to Contract No. 11138, Building Addition for North Service Center Building No. 3, with HASCO, Inc. in the amount of \$5,046, 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. 2 to Contract No. 11168, Medical Services, with NurseFinders, Inc., in the funded amount of \$14,400, which covers the period April 16, 2007 through September 12, 2007. Of the \$14,400, it is recommended that the Board ratify \$3,600 to cover payments for work performed through the period ending April 16, 2007, and that the Board approve the award in the amount \$10,800. The new contract amount is \$90,527.

The project scope is to supply a Medical Assistant to provide MLGW with medical staffing services.

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

THAT, Change No. 2 to Contract No. 11168 with NurseFinders, Inc. in the funded amount of \$14,400, 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 expedited procurement request covering the rental of two Model No. AC35-127 127-ft. cranes and end-hung baskets for a three-month period. The rental is necessary for the installation of fiber optic ground wire to meet customer needs on upcoming projects.

Bids were solicited on March 30, 2007. The lowest and best complying bidder of five bidders was Global Rental Company in the amount of \$47,600.

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

THAT, Subject to the ratification by the Council of the City of Memphis, expedited procurement request for contract with Global Rental Company for rental of the following is approved:

2 -Model No. AC35-127 127-ft. cranes with remote control and end-hung baskets at a monthly rental of \$7,800 per month per crane. Delivery and pickup for each crane is \$200 each way per crane

totaling \$47,600, f.o.b. Memphis, Tennessee, our dock, transportation prepaid and add; said price being firm; delivery in one to three weeks, ARO.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing 16 air disconnect switches to be used in the construction of the Collierville Gate Substation No. 86.

Bids were opened on March 21, 2007. For item one, the lowest and best complying bidder of six bidders was Royal Switchgear Manufacturing in the amount of \$90,035. For item two, although none of the bids received completely met all requirements, the lowest and best complying bidder of six bidders was the firm of Southern States, LLC in the amount of \$82,994. The total for all items is \$173,029.

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, Royal Switchgear Manufacturing is awarded contract for furnishing the following:

11 – 170 KV, 2000 ampere, manually-operated, three-pole V-style, center break air disconnect switches, with accessories, in accordance with MLGW data sheet “EDV” and specification sheet dated February 14, 2007

totaling \$90,035, f.o.b. Memphis, Tennessee, our dock transportation prepaid; said price being firm; delivery in 13 weeks, ARO; and further,

THAT, Subject to the consent and approval of the Council of the City of Memphis, Southern States, LLC is awarded contract for furnishing the following:

5 – 170 KV, 4000 ampere, manually-operated three-pole vertical break air disconnect switches, with accessories, in accordance with MLGW data sheet “ED” and specification sheet dated February 14, 2007

totaling \$82,994, f.o.b., Memphis, Tennessee, our dock, transportation prepaid; said price being firm; delivery in 16 weeks, ARO.

Total of all awards is \$173,029.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners ratification of emergency purchase order for the purchase of approximately 1,176 feet of 16” and approximately 924 feet of 22” epoxy-coated steel pipe. The relocation of the pipe is required due to inadequate coverage determined through the Pipeline Integrity Program.

Bids were received from four bidders, with the lowest and best complying bidder being Consolidated Pipe and Supply. The emergency purchase order was issued to Consolidated Pipe and Supply in the approximate amount of \$113,265.60.

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

THAT, Subject to ratification by the Council of the City of Memphis, award of emergency Purchase Order No. 130655 to Consolidated Pipe and Supply for furnishing the following is approved:

1,176 ft. – 16” epoxy-coated steel pipe

924 ft. – 22” epoxy-coated steel pipe

the total award amounts to \$113,265.60 approximately.

11. The General Counsel submitted to the Board the March 31, 2007 Quarterly Report of the Customer Advocate Committee. It is recommended that the Board approve and uphold the decisions reflected therein.

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

THAT, The attached March 31, 2007 Quarterly Report of the Customer Advocate Committee is approved and will be upheld by the Board. (See Minute File No. 1292.)

12. The President and the Vice President, Human Resources submitted for approval of the Board the following revised MLGW Human Resources Policies (see Minute File No. 1292):

<b><u>Policy No.</u></b>	<b><u>Title</u></b>
21-04	Termination of Employment
21-11	Personnel Review Committee
22-10	Employee Assistance Program
22-15	Retirement Parties
23-03	Parking, Traffic and General Facility Operating Regulations
23-31	Media Contact

These MLGW Human Resources Policies will become effective upon implementation by the President of MLGW.

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

THAT, The policies stated above are hereby approved.

13. WHEREAS, appropriate departments of the Engineering Division and the Vice President, Engineering approved the release of an 8-foot wide utility easement as follows:

The centerline of the easement is located as follows: BEGINNING AT A POINT in the north line of the above described property 43.5 feet east of the centerline of Collierville-Arlington Road; thence south 15 degrees 0 minutes east 49 feet to a point in the center line of Harrell Road; thence continuing south 15 degrees 0 minutes east 139 feet to a stake marked pole #1; thence continuing south 15 degrees 0 minutes east 239.5 feet to a stake marked pole #2; thence south 78 degrees 15 minutes east 70 feet to a stake marked pole #3 located 418.9 feet south of the north line of said property as measured at right angles; BEGINNING AGAIN at the above mentioned stake marked pole #1; thence south 80 degrees 45 minutes east 328.5 feet to a stake marked pole #4; thence north 65 degrees 54 minutes east 483.6 feet to a point in the north line 531.86 feet west of the east line of said property.

Permission is granted to install three anchor guys on the above described property.

Anchor #1 – to be located 15 feet north 80 degrees 45 minutes west from the above mentioned stake marked pole #1.

Anchor #2 – to be located 25 feet south 78 degrees 15 minutes east from the above mentioned stake marked pole #2.

Anchor #3 – to be located approximately 25 feet south of the above mentioned stake marked pole #4.

Property located on the southeast corner of Collierville-Arlington Road and Harrell Road.

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 owner for a consideration of \$1.00.

14. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing locate and outage software.

A bid was received from ABB, Inc., who is the sole provider of the software modules and maintenance services, on April 18, 2007 in the amount of \$50,000. The software modules will integrate with MLGW's current SCADA software which will allow customer outages to be managed by updating and completing them and easily

locating the outages from external applications. Annual maintenance for the APIs is 15% of the license price for each module and would become effective January 1, 2008.

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 ABB, Inc. is approved for furnishing:

1 – Outage API software module, at \$25,000

1 – Locate API software module, at \$25,000

totaling \$50,000, f.o.b., Memphis, Tennessee, transportation prepaid; said prices being firm; delivery within 30 days.

15. The President and CEO submitted for approval of the Board the following position numbers, per the attached documents (see Minute File No. 1292):

Position No. 02686, Administrative Associate  
 Position No. 02892, Customer Service Technician III  
 Position No. 02968, Customer Service Technician II  
 Position No. 03063, Customer Service Technician II  
 Position No. 04399, Customer Service Technician II  
 Position No. 04664, Customer Service Assistant  
 Position No. 04665, Customer Service Technician II  
 Position No. 04666, Customer Service Technician II  
 Position No. 04667, Customer Service Technician II  
 Position No. 04874, Supervisor, Communications & Public Relations  
 Position No. 05068, Special Student Intern  
 Position No. 05476, Customer Service Assistant  
 Position No. 05982, Special Student Intern  
 Position No. 05983, Special Student Intern  
 Position No. 05984, Special Student Intern  
 Position No. 06130, Lead, Communications & Public Relations  
 Position No. 06131, Lead, Communications & Public Relations  
 Position No. 06132, Lead, Communications & Public Relations

It was moved by Vice Chairman Evans, seconded by Commissioner

Bowden and unanimously carried:

THAT, Position numbers 02686, 02892, 02968, 03063, 04399, 04664, 04665, 04666, 04667, 04874, 05068, 05476, 05982, 05983, 05984, 06130, 06131 and 06132, as listed in the foregoing preamble, are approved.

16. The Secretary-Treasurer reported to the Board that after discussion it is recommended that the Board adopt a Resolution authorizing the Division to secure a revolving line of credit, commercial paper or other short-term debt, for a 12-month period, not to exceed \$40,000,000, for the purpose of financing Gas Division storage inventories. The Secretary-Treasurer further requested that the Board authorize the President and the Secretary-Treasurer to negotiate the rates and terms of such financing with any lender.

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

THAT, The Board adopt a Resolution authorizing the Division to secure a revolving line of credit, commercial paper or other short-term debt, for a 12-month period, not to exceed \$40,000,000, for the purpose of financing Gas Division storage inventories; and further,

THAT, The President and the Secretary-Treasurer are authorized to negotiate the rates and terms of such financing with any lender.

17. **WHEREAS**, the handling of Councilman Edmund Ford's customer accounts has caused concern in the Memphis and Shelby County community and among the Board of Commissioners.

**WHEREAS**, it is the responsibility of the Board of Commissioners to maintain the public trust in the utility.

**WHEREAS**, the Audit Committee approved its 2007 Annual Audit Plan on January 18, 2007.

**WHEREAS**, the 2007 Annual Audit Plan included an audit of Credit Operations of the utility.

**WHEREAS**, the Audit Committee expedited the performance of the Credit and Collection Policies Audit to address the community and Board concerns and MLGW's credit and collections policies, including how they were applied to Councilman Edmund Ford's and other customers' accounts.

**WHEREAS**, the General Auditor developed preliminary audit objectives for the Credit and Collections Policies audit.

**WHEREAS**, the Board of Commissioners provided input which resulted in an expansion of the preliminary audit objectives.

**WHEREAS**, the General Auditor developed an engagement letter which incorporated the expanded scope and presented the engagement letter to the Chair of the Audit Committee of the Board.

**WHEREAS**, the General Auditor presented the findings relative to the handling of Councilman Ford's customer accounts to the Board of Commissioners and the public on March 15, 2007.

**WHEREAS**, additional questions were raised by members of the Board of Commissioners based on the March 15, 2007 presentation of findings.

**WHEREAS**, City Council Chairman Tom Marshall requested that Glankler Brown, PLLC provide an Investigation Report of Certain Matters Relating to Memphis Light Gas & Water for Memphis City Council.

**WHEREAS**, the Board of Commissioners, through consensus, agreed to not hire special counsel to review the Ford billing matter.

**WHEREAS**, the Board of Commissioners obtained a copy of the Glankler Brown Investigation Report of Certain Matters Relating to Memphis Light Gas & Water for Memphis City Council.

**WHEREAS**, the Glankler Brown report states:

*“Our findings and conclusions confirm that Councilman Ford received preferential treatment by MLG&W which was inconsistent with the provisions of MLG&W’s own policies.”*

*“However, nothing in our investigation establishes that Councilman Ford requested this treatment or that it was provided in exchange for money, favors or any other benefit, political or otherwise.”*

**WHEREAS**, member of the Board of Commissioners attended the City Council committee meeting to hear the results of the Glankler Brown, PLLC investigative report and the responses to questions posed to President Lee.

**WHEREAS**, on April 5, 2007, the Board of Commissioners passed a resolution requesting that President Lee respond to questions posed by the Board of Commissioners.

**WHEREAS**, on April 10, 2007, President Lee provided responses to all questions posed by the Board of Commissioners to the General Auditor for inclusion in the Credit and Collection Policies Audit.

**WHEREAS**, the Credit and Collection Policies Audit Report was presented to the Audit Committee of the Board of Commissioners on April 19, 2007.

**WHEREAS**, the Credit and Collection Policies Audit Report overall finding concerning Councilman Ford’s customer accounts states:

*“With the exception of President Lee’s involvement concerning service cut-offs, findings related to Councilman Edmund Ford were consistent with findings for the utility as a whole. The review of documents and procedures performed revealed no benefits to President Lee or the utility.”*

**WHEREAS**, the President of MLGW is appointed by the Mayor of the City of Memphis and approved by the City Council.

**WHEREAS**, the Board of Commissioners has no authority concerning the employment of the President of MLGW.

**WHEREAS**, President Lee has taken full responsibility for the handling of the Ford billing matter.

**WHEREAS**, President Lee has apologized to the public and has indicated his commitment to rebuilding the public trust.

**WHEREAS**, it is the responsibility of the Board of Commissioners and the President to help maintain the public trust.

**NOW THEREFORE BE IT RESOLVED** that the Board of Commissioners believes that closure should be brought to this matter and will therefore work diligently to implement the recommendations of the General Auditor and the Audit Committee.

It was moved by Commissioner Clark, seconded by Commissioner Bowden and unanimously carried that the above Resolution is approved.

18. Commissioner Clark stated that the resolution delayed from meeting of April 5, 2007 (Item No. 24) regarding MLGW transparency will be presented to the Board at its next meeting of May 3, 2007.

19. Ms. Vera Redwing, 3745 Station Way, completed a card to appear before the Board, but she left the meeting and did not speak.

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

SEE MINUTE FILE NO. 1292.

Secretary-Treasurer