

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
May 18, 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, May 18, 2006 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; William L. Taylor, Commissioner; James L. Russell, Commissioner; Nick Clark, 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; and Armstead Ward, Vice President, Human Resources. Linda Peppers, Vice President and Chief Technology Officer 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 May 4, 2006, 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 May 2, 2006, Item Nos. 5, and 7 through 19, approving items approved by the MLGW Board at meeting held April 20, 2006; and Item Nos. 25 through 27, approving items approved by the MLGW Board at meeting held April 6, 2006. (See Minute File No. 1280.)

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

Sadie Hall, MLGW employee, presented a check to MIFA in the amount of \$5,380. Funds were raised from the MLGW 3rd Annual PowerSlam Racquetball Charity Open.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11086, Multi-Hazard Risk

Assessment, to R. W. Howe and Associates, PLC, in an estimated funded amount of \$638,900.

The project scope is to provide a comprehensive, system-wide risk assessment for the natural hazards which may significantly affect MLGW's electric, water and gas systems in Memphis and Shelby County, Tennessee.

Two proposals were received on January 24, 2006 for the Multi-Hazard Risk Assessment, Contract No. 11086. The best proposal was submitted by R.W. Howe and Associates, PLC.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11086 to R. W. Howe and Associates, PLC in an estimated funded amount of \$638,900, as outlined in the foregoing preamble, is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11141, Information Services Support, to ViaSys Technology, Inc., in an estimated funded amount of \$177,000.

The project scope is to allow ViaSys to provide personnel for technical information support in the Information Services Department for the period June 21, 2006 to October 1, 2006. The estimated funded amount for the covered period is \$177,000 and each classification will be paid in accordance with rate schedule currently in Contract No. 10882 with Quilogy, Inc.

This award is a result of the Assignment and Assumption Agreement between Quilogy, Inc., and ViaSys Technology, Inc., under Contract No. 10882.

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 No. 11141 to ViaSys Technology, Inc., in an estimated funded amount of \$177,000, 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 Change No. 7 to Contract No. 10838, Temporary Personnel Services, with Ablest Staffing, Inc., to renew the contract for a fourth term of four renewal terms covering the period June 5, 2006 to June 4, 2007 with no increase in the contract value.

The project scope has changed to renew the contract for a fourth term of four renewal terms to Ablest Staffing, Inc., to continue to provide temporary personnel services for the period June 5, 2006 to June 4, 2007. The scope provides temporary employees assignments until short term vacancies are filled. This change renews the contract with no increase in rates and with no increase in the contract value. The current contract value is \$2,600,000.

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

THAT, Change No. 7 to Contract No. 10838 with Ablest Staffing, Inc., with no increase in the current contract value, 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 Change No. 5 to Contract No. 10882, Information Services Support, with Quilogy, Inc., in the reduced amount of \$177,000.

The project scope has changed to allow Quilogy to assign a portion of its contract for technical support to ViaSys Technology, Inc., which was awarded under Contract No. 11141. This change establishes an Assignment and Assumption Agreement between Quilogy, Inc. and ViaSys Technology, Inc. The new contract amount is \$3,594,520.

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

THAT, Change No. 5 to Contract no. 10882 with Quilogy, Inc. in the reduced amount of \$177,000, 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 Change No. 3 to Contract No. 10923, Workers' Compensation Claims Administrator, with Brentwood Services, Inc. to renew the contract for the third renewal term of four renewal terms covering the period July 1, 2006 to June 30, 2007 in an estimated funded amount of \$140,000.

The project scope covers the cost of Brentwood Services, Inc. to serve as the third party administrator for workers' compensation claims which includes the issuance of 1099's and state filings, index bureau reporting, monthly loss run reports and check registers, ad hoc custom reports as requested and claim kits with state forms. The administration covers claims handling fees which include indemnity and medical only claims. The services also include cost containment, bill review and loss control. This renewal in an estimated funded amount of \$140,000 is the third renewal term of four renewal terms. The new contract amount is \$326,000.

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. 3 to Contract No. 10923 with Brentwood Services, Inc. in an estimated funded amount of \$140,000, 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 Change No. 1 to Contract No. 11015, Certified Laboratory for Drug Testing, with Advanced Toxicology Network, to renew the contract for the first term beginning June 24, 2006 to June 23, 2007 in an estimated funded amount of \$24,999.99.

The project scope is to provide services as 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, and to renew the contract for the first renewal term of four renewals beginning June 24, 2006 to June 23, 2007 with no increase in rates in an estimated funded amount of \$24,999.99. This work is necessary to be in compliance with Department of Transportation and pipeline regulations. The new contract amount is \$37,815.99.

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

THAT, Change No. 1 to Contract No. 11015 with Advanced Toxicology Network in an estimated funded amount of \$24,999.99, as outlined in the foregoing preamble, is approved; and further,

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

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of 1000 plastic barricade boards, 2000 plastic barricade "A" frames and 4000 barricade weights which are used by crews to enclose an area they are working or will be worked. Also, the barricades provide a level of protection to the general public. The purpose of the barricades is to warn the public that an area is a work in process and unsafe.

Bids were received on May 3, 2006. The lowest and best complying bidders of three bidders were the firms of Advance Safety and Supply for two items and Personal Safety First, LLC for one item. The total for all items is \$112,300.

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 Advanced Safety and Supply is approved for furnishing:

1000 – plastic barricade boards, National, Model PBPW2872EG-AS at \$27.34 each

2000 – plastic barricade "A" frames, Cortina, Model 97-01-004-AS at \$15.14 each

totaling \$57,620; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; Net 10, delivery in six weeks or less; and further,

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Personal Safety First, LLC is approved for furnishing:

4000 – barricade weights, Rubbersand, at \$13.67 each

totaling \$54,680; f.o.b. Memphis, TN, transportation prepaid; said prices being firm, 1% 10 days Net 30, delivery in 45 to 60 days.

The total of all awards amounts to \$112,300.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of a truck mounted hydraulic crane which is used by water operations crews to move, lift, assemble,

load/unload or otherwise handle division material or equipment up to 40,000 lbs. The recommendation is to award the lowest and best complying bid, since neither bid completely meet specifications. The recommendation allows for accepting a minimum outrigger penetration depth of ½ inch less than that called for in the specification. This is a carry over item from the 2005 budget year. This equipment replaces existing equipment that will be retired.

Bids were opened on April 19, 2006. Although eight bids were solicited, the lowest and best complying bidder of two bidders was the firm of NES Rentals c/o National Equipment Services, Inc. in the amount of \$90,735.

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 NES Rentals c/o National Equipment Services, Inc. is approved for furnishing:

1 – National Crane model 600E truck mounted hydraulic crane having a maximum lifting capacity of at least 40,000 lbs. to be installed on the rear of cab and chassis supplied by MLGW, all in accordance with Division Specification No. THTC-05-3190

totaling \$90,735; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery by December 2006.

9. On February 16, 2006, the Board of Light, Gas and Water Commissioners approved the offer for the annual sale of scrap copper material. The original award amount was to Metal Management Memphis as the best offer for this material and they have been advised that they are electing to cancel the agreement due to the volatility of the spot metals markets. Therefore, staff recommends the cancellation of the agreement with Metal Management Memphis and the acceptance of the offer submitted by TOTALL Metal Recycling in the amount of \$306,886.94.

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

THAT, Offer to Metal Management Memphis is rescinded and offer of TOTALL Metal Recycling be, and is hereby, accepted as follows:

approximately 34,130 lbs. of mixed brass, at \$93 per cwt.,

approximately 22,000 lbs. of bare copper, at \$186 per cwt.,

approximately 9,280 lbs. of bare tinned, at \$170 per cwt.,

approximately 52,240 lbs. of #1 W.R. copper, W.P. covered, at \$138.75 cwt.,

approximately 126,500 lbs. of #2 W.R. copper, W.P. covered, at \$80 cwt.,

approximately 31,000 lbs. of copper/lead communication cable paper/textile insulated, at \$40.10 per cwt.,

approximately 21,500 lbs. of copper/lead insulated cable (sizes up to 350 MCM), at \$40.10 per cwt.,

approximately 27,010 lbs. of cable, copper conductor, paper insulated, lead-covered and polyethylene-jacketed, 350 MCM and above, at \$69.45 per cwt.,

approximately 1,000 lbs. of copperweld, at \$9.20 per cwt.,

approximately 1,000 lbs. of lead, at \$25 per cwt.,

approximately 1,000 lbs. mixed copper, brass molded fittings and current transformers at \$15 per cwt.,

totaling \$306,886.94 (approximately) with the understanding that the prices quoted are subject to adjustment based on market prices as reported in the American Metal Market and further, that release of these scrap metals will be in accordance with MLGW bidding requirements dated November 30, 2005, a copy of which will be placed on file in MLGW's General Accounting Department.

10. The Manager, Procurement and Contracts submitted for consideration of the Board analysis of bids received up to 4 o'clock p.m., Tuesday, April 4, 2006 for furnishing the Division with one transformer test set.

The Manager, Procurement and Contracts advised the Board that although three bids were solicited, two bids were received; the specification was not complete and did not include some pertinent requirements. It is therefore her recommendation that the bids received be rejected and re-bid at a later time.

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

THAT, The bids for furnishing the Division with one transformer test set be, and are hereby rejected.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award 36-month contract for rental of one printer system. This printer system will be utilized at MLGW's Netters Business Operations Center as a backup printer system for our utility bills in case of an emergency and for various other printing needs. This printer system will replace two printers currently in use which are out of date and subject to frequent service calls.

Bids were opened on March 15, 2006. The lowest and best complying bidder of five bidders was the firm of Ikon Office Solutions. The approximate total for this printer system is \$64,404.

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 blanket contract to Ikon Office Solutions is approved for a 36-month period for furnishing:

rental of one Ikon 1040 printer system at the rate of \$1,789 per month

The total award for 36-months amounts to \$64,404; said price being firm for the entire term of this contract; delivery as required.

12. The Secretary-Treasurer requested authorization from the Board to close the bank account at First Tennessee Bank entitled: "Power of Five" Campaign, Account No. 173644549. This account was established by the Board at meeting held October 20, 2005, for the purpose of raising funds for five critical non-profit agencies in the Memphis/Shelby County area.

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

THAT, The Secretary-Treasurer is authorized to close the bank account at First Tennessee Bank entitled: "Power of Five" Campaign, Account No. 173644549, as outlined in the foregoing preamble.

13. The President submitted for approval of the Board the following line-of-progression mass job reclassifications, effective through 12/31/06, per the attached documents (see Minute File No. 1281):

2 – Gas Fitter – Gas Fitters
13 – Lineman – Electric Distribution
18 – Utility Worker II – Electric Distribution
7 – Apprentice Lineman – Electric Distribution
2 – Temporary Lineman – Electric Distribution
10 – Utility Worker II – Water Distribution
10 – Utility Worker I – Water Distribution

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

THAT, The line-of-progression mass job reclassifications, as outlined in the foregoing preamble, are approved.

14. The President submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1281):

Position No. 03463, Investigator, Level II
Position No. 06105, Assistant Manager, Brunswick Service Center
Position No. 06106, Training & Development Specialist II
Position No. 06107, Interim Manager, Hickory Hill Service Center
Position No. 06108, Interim Assistant Manager, Hickory Hill Service Center
Position No. 06109, Systems Operator II
Position No. 06110, Special Officer II
Position No. 06111, Teller

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

THAT, Position numbers 03463, 06105, 06106, 06107, 06108, 06109, 06110, and 06111, as listed in the foregoing preamble, are approved.

15. The Vice President of Customer Operations submitted for approval of the Board Contract No. 11144, Interlocal Agreement between Memphis Light, Gas and Water Division and Memphis City Government on behalf of the Public Works Division (PWD) for storm water billing services in the City of Memphis, Tennessee.

MLGW shall bill on each monthly utility bill to a ratepayer a Storm Water Fee in accordance with the classification of the ratepayer by PWD. The Storm Water Fee charges shall be those outlined in the resolution passed by the Memphis City Government, to which reference is made and shall be designated on the stated bill as a Storm Water Fee.

MLGW shall collect the Storm Water fee from each ratepayer and shall report to PWD the total monthly billing amount, along with the number of current ratepayers and a listing of all uncollectible Storm Water fees, plus or minus any adjustment because of the changes in classifications of ratepayers as certified by PWD. MLGW shall deduct an amount reflecting MLGW's cost of billing and collection of the Storm Water Fee. The amount shall be 2% of gross billed revenues per month.

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

THAT, Contract No. 11144, Interlocal Agreement between Memphis Light, Gas and Water Division and Memphis City Government on behalf of the Public Works Division for storm water billing services in the City of Memphis, Tennessee, is approved.

16. The President submitted for approval of the Board the following line-of-progression mass job reclassifications, effective through 12/31/06, per the attached documents (See Minute File No. 1281):

8 – Utility Worker I – Gas Distribution
10 – Utility Worker II – Gas Distribution

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

THAT, The line-of-progression mass job reclassifications, as outlined in the foregoing preamble, are approved.

17. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it approve an Expedited Procurement Request for contract with Moore Wallace for MLGW's requirements of utility bill paper.

The Expedited Procurement Request is necessary to allow MLGW to continue printing utility bills until a new order can be placed. The original award made by MLGW's Board of Commissioners on August 19, 2004 was for a 24-month supply of utility bill paper. This paper is used to charge ratepayers for electric, gas and water usage on a monthly basis. The order quantity of 5,400,000 sheets per year was based upon previous usage records and was an approximate quantity. Quantities are driven based on customer base fluctuation and industry standard of overages of printed material. The original award was for \$138,564 approximately. Approximate cost of extension will be \$21,169.50. Total award will now be \$159,733.50 approximately.

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

THAT, Extension of contract with Moore Wallace is approved for furnishing:

1,650,000 – sheets (approximately), 8-1/2" x 11" 24 lb. white premium printed and perforated, watermarked utility bill paper to be furnished in full accordance with MLGW Specifications dated July, 2004, at \$12.83 per thousand sheets

totaling \$21,169.50 approximately; f.o.b. Memphis, TN, transportation prepaid; said price being firm; delivery as required.

18. The Manager, Procurement and Contracts requested the Board's permission to amend Purchase Order No. 123504 with Mid-America International Trucks, Inc. for heavy duty (2&5 Ton) cab and chassis as budgeted for 2006. All existing customer terms and conditions will remain the same.

On October 7, 2004, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for heavy duty (2&5 Ton) cab and chassis. The original award amount was approximately \$5,140,340, with firm prices through

October, 2005 and firm unit prices thereafter, with quantities driven by actual need for cab and chassis and additional requirements to be added at mutually agreed upon prices during the entire period of the contract. In 2005 turn key (complete unit) contracts for aerial tower trucks and digger derrick trucks expired and a decision was made not to purchase these items on turn key contracts but to purchase the cab and chassis and the auxiliary equipment separately. This separate configuration will allow the transportation department to standardize fleet vehicles to reduce training cost, parts inventory and repair/warranty issues, as well as allow direct purchase from the manufacturer of the cab and chassis instead of a third party. The 2006 approved budget includes all requested requirements for cab and chassis, aerial tower units and digger derrick units. The cab and chassis are however the same items on the existing 36-month purchase order used for other heavy duty (2&5 Ton) cab and chassis applications within the transportation fleet, which allows for decrease or increase in quantities and the contract prices in place are approximately 8% below current market prices. This configuration change will increase the original 2004 projected approximate requirements for the 36-month period on Purchase Order 123504, which were based on past history for cab and chassis requirements and did not include aerial tower and digger derrick requirements, by \$1,160,447.28. This is only an increase in the purchase order amount allocating budgeted money to this order. These items are included in the 2006 budget and will be ordered either on this existing purchase order or on another purchase order with the possibility of increased cost and later delivery. Therefore, the current purchase order amount released to date is \$3,903,981.28 with future purchases to be made for an estimated amount of \$2,396,806 for 2006, for a total amount of \$6,300,787.28.

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, Purchase Order No. 123504 be amended as outlined in the foregoing preamble.

19. On July 7, 2005, the Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that authorization be given to MLGW, without prior City Council approval, to enter into an Interdivisional Cooperative Agreement for fuel purchasing with the City of Memphis for a one-year period from July

1, 2005 through June 30, 2006 for the purchase of gasoline and diesel fuel. MLGW and the City of Memphis reserved the option to extend the contract term for two additional one-year periods, if extensions are acceptable to both parties. The Manager, Procurement and Contracts now requests to extend the contract for one year from July 1, 2006 through June 30, 2007 for the purchase of gasoline and diesel fuel from Cary Oil Company.

During the prior term, MLGW's usage was less than the estimated quantities. However, due to the volatility in the petroleum market, the rack prices have been trending upward. The original award showed rack prices per gallon were less than \$1.34 per gallon for unleaded gas and less than \$1.52 per gallon for diesel fuel. Trend analysis shows the price per gallon of unleaded gasoline has increased by approximately 56% or \$2.08 per gallon and the price per gallon of diesel fuel has increased by approximately 41% or \$2.14 per gallon over last year's rack prices. Additionally, effective April 1, 2006, Congress reinstated the Oil Spill tax per gallon on all grades of gasoline, jet and other distillate fuel purchases. It is estimated that MLGW will purchase approximately \$4,030,580 of fuel based on Opus Valero (formerly Opus Premcor) rack prices.

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

THAT, Subject to the approval of the Council of the City of Memphis, MLGW is authorized to make fuel purchases under City Contract 21081 with Cary Oil Company, Inc. for a one-year period for furnishing approximately 1,000,000 gallons of 87 octane gasoline to be furnished based on the Opus Valero rack price in effect on the date of delivery with a plus adjustment factor of \$0.0105 per gallon and approximately 900,000 gallons of #2 diesel low sulfur to be furnished based on the Opus Valero rack price in effect on the date of delivery with a plus adjustment factor of \$0.0120 per gallon. Gasoline and diesel fuel provided will be in accordance with the City's specifications. Additional charges that might occur consist of: Pump charge for above ground tanks at \$30 each; demurrage charge for time in excess of 90 minutes at \$50 per hour; split delivery charge of \$30 each; and oil spill excise tax, .0012 per gallon.

THAT, The President or his designated representative is authorized to execute this renewal.

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

SEE MINUTE FILE NO. 1281.

Secretary-Treasurer