

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
June 15, 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, June 15, 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; Alonzo Weaver, Vice President, Customer Operations; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Diana Veazey, Vice President, Construction and Maintenance and Christopher Bieber, Vice President, Engineering were not in attendance.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held June 1, 2006, 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 June 6, 2006, as follows:

Item Nos. 10 through 17, approving items approved by the MLGW Board at meeting held May 18, 2006 (see Minute File No. 1281);

Item No. 18, approval of PILOT (payment in lieu of taxes) to the City of Memphis (see Minute File No. 1282);

Item No. 28, approving purchase of easement from Wayne G. McGowan, III and Charlotte M. McGraw, approved by the MLGW Board at meeting held May 4, 2006 (see Minute File No. 1281);

Item No. 29, approving purchase of property from Ross-McGowan Properties, L.P., approved by the MLGW Board at meeting held April 20, 2006 (see Minute File No. 1280);

Item No. 30, approving purchase of easement from Ross-McGowan Properties, L.P., approved by the MLGW Board at meeting held May 4, 2006 (see Minute File No. 1281);

Item Nos. 31 and 32, approving amendments to the MLGW Retirement and Pension System for elimination of mandatory distributions and unlocated participants, respectively, approved by the MLGW Board at meeting held April 20, 2006 (see Minute File No. 1280); and

Item No. 33, approving amendment to the MLGW Retirement and Pension System for contributions to the fund, approved by the MLGW Board at meeting held May 4, 2006 (see Minute File No. 1281).

WHEREAS, the Board of Light, Gas and Water Commissioners selects the Chairman of the Board and Vice Chairman of the Board; and

WHEREAS, the Board of Light, Gas and Water Commissioners selects the Chairman of the Pension Board; and

WHEREAS, Commissioner Clark nominated Rick Masson for Chairman of the Board and Chairman of the Pension Board, and V. Lynn Evans for Vice Chairman of the Board, seconded by Commissioner Russell; and

WHEREAS, there were no further nominations, it was unanimously carried:

THAT, Rick Masson serve as Chairman of the Board and Chairman of the Pension Board, and V. Lynn Evans serves as Vice Chairman of the Board.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11106, Shoring for Transformer Vault Installation, to Chris-Hill Construction Company, LLC, in the funded amount of \$64,460.

The project scope is to install shoring for excavation required to install a pre-cast transformer vault at 429 Union Avenue in Memphis and Shelby County, Tennessee.

Bids were opened on May 10, 2006 for Contract No. 11106, Shoring for Transformer Vault Installation. The best bidder of two bidders was Chris-Hill Construction Company, LLC.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11106 to Chris-Hill Construction Company, LLC in the funded amount of \$64,460, 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. 11113, Reroof Morton Pumping Station's Pump and Filter Buildings, to B Four Plied, in the funded amount of \$169,834.

The project scope is to reroof MLGW's Morton Pumping Station's pump building and filter building at 3150 Hawkins Mills Road.

Bids were received on May 16, 2006 for Contract No. 11113, Reroof Morton Pumping Station's Pump and Filter Buildings. The lowest and best bidder of two bidders was B Four Plied.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11113 to B Four Plied in the funded amount of \$169,834, as outlined in the foregoing preamble, is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11116, Emergency Generator at Old Millington Office and North Service Center Building #2, in the funded amount of \$183,379.

The project scope is to install an emergency generator at Old Millington Office and North Service Center Building #2 located at 5169 Navy Road and 1060 Tupelo respectively. This work is necessary to provide power to a communications tower

and MLGW stores operations during a power outage as part of the MLGW Business Continuity Plan.

Bids were received on May 16, 2006 for Contract No. 11116, Emergency Generator at Old Millington Community Office and North Service Center Building #2. The lowest and best bidder of three bidders was Shelby Electric Company, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11116 to Shelby Electric Company, Inc. in the funded amount of \$183,379, as outlined in the foregoing preamble, is approved; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11132, Retrofit of High Voltage Underground Transmission Cable, to W. A. Chester, LLC, in an estimated funded amount of \$2,926,100.

The project scope is to remove the existing three-phase 500 KCMIL copper conductor, paper insulated, 138 kV (115 kV operating voltage) HPFF pipe-type cable along the route from Southgate Substation #1, located at 1642 Person Avenue, to Willett Street Substation #6, located at 777 South Willett Street, (Circuit 1589); along with cable accessories located at each substation and along the route; and install a three-phase 1000 KCMIL copper conductor, laminated polypropylene-paper insulated (LPP/PPP), 138 kV (115 kV operating voltage) HPFF pipe-type, cable in the existing steel pipe; and install new accessories at each substation and along the cable route in Memphis and Shelby County, Tennessee. Furthermore, it is requested that the estimated funded amount of \$2,926,100 be subject to defined metals and fluid escalation/de-escalation indices for the term of construction.

Two bidders were qualified; however, only one bid was received and opened on June 7, 2006 for Contract No. 11132, Retrofit of High Voltage Underground Transmission Cable. The one bidder was W. A. Chester, LLC.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11132 to W. A. Chester, LLC in an estimated funded amount of \$2,926,100 subject to metals and fluid escalation/de-escalation, as outlined in the foregoing preamble, is approved; and further,

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

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 1 to Contract No. 11061, Wireless Telephone Service, with New Cingular Wireless National Accounts, LLC, to change the scope to convert 29 telephones to Cingular telephones and add 15 wireless priority services phones in the funded amount of \$12,210.

The project scope has changed to convert wireless service to Cingular wireless service for 17 voice users, 12 push to talk users for better coverage and to add 15 users to Cingular Wireless Priority Service for emergency response capability. The new contract amount is \$180,210.

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

THAT, Change No. 1 to Contract No. 11061 with New Cingular Wireless National Accounts, LLC in the funded amount of \$12,210, as outlined in the foregoing preamble, is approved; and further,

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

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners the rejection of bids received up to 4:00 p.m. on Tuesday, April 25, 2006, and publicly opened and read on Wednesday, April 26, 2006 at 2:00 p.m. for Contract No. 11120, 12" Loosahatchie River Directional Bore.

The Manager, Procurement and Contracts, advised the Board that bids were received from three bidders. The bids are being rejected because the work can be performed for a lesser amount and started earlier by using Contract No. 11062, Underground Construction, which was given its notice to proceed on May 22, 2006. It is therefore her recommendation that the bids received be rejected.

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

THAT, The bids for Contract No. 11120, 12" Loosahatchie River Directional Bore be, and are hereby rejected.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of approximately 161,250 lbs. of 1590 KCMIL wire in accordance with MLGW Specifications for construction of the transmission line between Collierville Gate Substation 86 and Quinn Road Substation 83. This is the first section of the project of loop feeding Shelton Road Substation 79 that provides needed reliability to Collierville.

Bids were opened on May 31, 2006. The lowest and best complying bidder of four bidders was the firm of Stuart C. Irby in the amount of \$274,125.

Furthermore, the staff requests permission to issue the purchase order upon approval at the June 15, 2006 board meeting in order to meet the project start deadline of September 2006. Delays in the start date will most likely result in increases in construction costs due to weather related concerns.

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

THAT, Subject to the ratification of the Council of the City of Memphis, Stuart C. Irby is awarded contract for providing approximately 161,250 lbs. of 1590 KCMIL wire in accordance with MLGW Specifications at \$1.70 per pound,

totaling \$274,125, f.o.b. Memphis, TN, transportation prepaid; our dock, said price being firm with adjustment at the time of shipment based on metals at \$1.3052/lb.; delivery 15 weeks after receipt of order.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of one three-phase transformer test set. The set is used to test both new and reconditioned three-phase and large single-phase transformers. All new three-phase transformers are tested to ensure they are electrically sound and meet the manufacturers quoted losses. Reconditioned units are tested to ensure they are electrically sound before they are returned to inventory. New transformers are put through the series of test, i.e. applied potential test (voltages up to 30,000 volts), rated voltage ratio test (based on name plate voltage rating), no-load loss and load-loss test. Reconditioned transformers use only the applied potential test (voltages up to 30,000 volts) and rated voltage ratio test (based on name plate voltage rating). Testing of transformers is essential to our operation; it helps ensure our

inventory is operation ready. The transformer test set will replace our current test set which is 20 years old.

Bids were received on May 24, 2006. The lowest and best complying bidder of two bidders was the firm of Phenix Technologies, Inc., in the amount of \$217,700.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Phenix Technologies, Inc. is approved for furnishing:

1 – Transformer Test Set made in accordance with MLGW Specification Model TTS400,

totaling \$217,700; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery December 29, 2006.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of lamps for a 36-month period which replenishes inventory material for distribution and/or contract crews to install and/or maintain electric systems. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 36 months. During the length of this contract, quantities will be driven based on the actual need for lamps.

Bids were opened on February 22, 2006. The lowest and best complying bidders of seven bidders were the firms of Globe Electric Co., Inc. for three items and American Lighting & Safety Co., Inc. for 10 items. The approximate total for all items is \$1,055,297.70.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contracts as follows is approved for furnishing:

Blanket contract for a 36-month period for providing lamps to be furnished by Globe Electric Co., Inc. as released by MLGW. If a need for additional items of these groups of materials or design changes to existing items is identified during the period of this contract, Globe Electric Co., Inc. will be requested to add the new items or make changes to the existing items on the contract at a price agreeable to both MLGW and Globe Electric Co., Inc. A copy of all unit prices to be placed on file in MLGW's Accounting Department

the total award for 36-months amounts to approximately \$19,085.72, f.o.b. Memphis, TN, transportation prepaid; said prices being firm for the life of the contract; delivery in 12 days; and further,

Blanket contract for a 36-month period for providing lamps to be furnished by American Lighting & Supply Co., Inc. as released by MLGW. If a need for additional items of these groups of materials or design changes to existing items is identified during the period of this contract, American Lighting & Supply Co., Inc. will be requested to add the new items or make changes to the existing items on the contract at a price agreeable to both MLGW and American Lighting & Supply Co., Inc. A copy of all unit prices to be placed on file in MLGW's Accounting Department

the total award for 36 months amounts to approximately \$1,036,211.98, f.o.b. Memphis, TN, transportation prepaid; said prices being firm for years one and two with a 1 percent increase in year three; delivery in five days.

The total of all awards amounts to approximately \$1,055,297.70.

10. The President submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1282):

Position No. 00992, Helper, Electric Distribution (Pre-Apprentice)
 Position No. 01175, Heating, Ventilation & Air Conditioning Technician
 Position No. 03389, Test Technician Apprentice
 Position No. 05451, Chief Coordinator, Hickory Hill Service Center
 Position No. 06115, Administrator, Customer Service/Field Operations
 Position No. 06116, Executive Analyst
 Position No. 06117, Interim General Supervisor, Corporate Security

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

THAT, Position numbers 00992, 01175, 03389, 05451, 06115, 06116 and 06117, as listed in the foregoing preamble, are approved.

11. 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 Water Division, said tract of land being located on the north side of Central Avenue, approximately 1155.75' west of the west line of Goodlett Street; and

WHEREAS, the Memphis Light, Gas and Water Division has been offered by Second Presbyterian Church, \$819,000 (\$145,000 for the 0.585 acres of property and \$674,000 for the cost to relocate the existing well) for the purchase of a surplus tract 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:

Being the same property conveyed to Memphis Light, Gas and Water Division Warranty Deed recorded in Book 1584, Page 26 in the Register's Office of Shelby County, Tennessee, said property being shown on the attached sketch (See Minute File No. 1282) and described as follows:

Beginning at an iron stake in the intersection of the north line of Central Avenue with the east line of said Walter M. Johnson 46.06 acres, which beginning point is 1140.75 feet west of the west line of Goodlett Street; running thence northwardly with said east line of said Walter M. Johnson tract 300 feet to an iron stake. The southeast corner of the parcel of land conveyed to J.K. Dobbs and wife by deed recorded in Book 995, Page 350 of said deed records; running thence westwardly with the south line of said last mentioned parcel 85 feet to an iron stake; running thence southwardly 300 feet to an iron stake in the north line of Central Avenue; running thence eastwardly with said north line 85 feet to the point of beginning, containing 0.585 acres or 25,500 square feet.

Property located on the north side of Central Avenue; approximately 1155.75 feet west of the west line of Goodlett Street.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell 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 Second Presbyterian Church, for and in consideration of \$819,000 (\$145,000 for the 0.585 acres of property and \$674,000 for the cost to relocate the existing well); and further,

THAT, The President or his designated representative of the Division is hereby authorized to execute the sale of said property.

12. The President and Vice President of Human Resources submitted for approval of the Board the following revised Memphis Light, Gas and Water Personnel Policies (See Minute File No. 1282):

Introduction to Memphis Light, Gas and Water Personnel Policies
 Policy No. 21-19 – Residency
 Policy No. 22-01 – Tuition Assistance
 Policy No. 22-05 – Holidays
 Policy No. 22-07 – Military Leave/Veterans' Re-employment Rights
 Policy No. 22-08 – Time Off to Vote
 Policy No. 22-11 – Employee Special Fund (deleted)
 Policy No. 22-12 – Vacation
 Policy No. 22-18 – Relocation
 Policy No. 22-22 – Time Off for Death in Family or to Attend an Employee's Funeral
 Policy No. 22-24 – Leave Transfer
 Policy No. 23-01 – Tardiness and Failure to Report to Work
 Policy No. 23-06 – Position on Christmas Parties (deleted)

The revised MLGW Personnel Policies were presented to the Chair of the Human Resources Committee of the Memphis Light, Gas and Water Board of Commissioners. The Chair of the Human Resources Committee approved these policy revisions.

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

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

THAT, The policies listed in the foregoing preamble are hereby approved.

13. Bill Hawkins, Assistant Business Manager, IBEW Local 1288, 4000 Clearpool Circle, appeared before the Board to discuss various matters.

14. Susan Carter, 5329 Laurie Lane, appeared before the Board to discuss various matters.

15. Beckae Duke, 1325 Colonial Rd., appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1282.

Secretary-Treasurer