

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
August 3, 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, August 3, 2006 at 1:30 p.m. The following were in attendance: V. Lynn Evans, Vice Chairman; Nick Clark, Commissioner; William L. Taylor, 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. Rick Masson, Chairman; James L. Russell, Commissioner; and Diana Veazey, Vice President, Construction and Maintenance, were not in attendance. Due to the absence of Rick Masson, V. Lynn Evans was Acting Chairman.

Commissioner Taylor moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held July 20, 2006, that they be recorded as the official record, seconded by Commissioner Clark and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated July 25, 2006, Item Nos. 5 through 17, approving items approved by the MLGW Board at its meeting held July 6, 2006 (see Minute File No. 1283); and Item No. 24, approving sale of property to Second Presbyterian Church, approved by the MLGW Board at its meeting held June 15, 2006 (see Minute File No. 1282).

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

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11130, Filter Media

Replacement for McCord and Arlington LNG Pumping Stations, to Grinder Building Corporation in the funded amount of \$212,600.

The project scope is to replace current filter media for McCord and Arlington LNG Pumping Stations.

Bids were received on June 28, 2006 for said Contract, with the lowest and best proposal of four being Grinder Building Corporation.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11130 to Grinder Building Corporation in the funded amount of \$212,600, 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. 11147, Self-Supported Microwave Towers, to Sabre Communications Corporation in the funded amount of \$250,375.

The project scope is to design, furnish and install: (a) two 200' three legs self-supported tower structures by utilizing galvanized tubular steel for the tower legs and angular steel for bracing the legs triangular and grounding systems at Morton Pumping Station, 3150 Hawkins Mills, and the North Service Center, 1060 Tupelo and (b) a 10' x 10' x 9' equipment shelter and foundation at Substation 65, 7830 Mudville Road, in Memphis and Shelby County, Tennessee.

Bids were opened on July 19, 2006 for said Contract, with the lowest and best bidder of two bidders being Sabre Communications Corporation.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11147 to Sabre Communications Corporation in the funded amount of \$250,375, 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. 4 to Contract No. 10878, Information Support Services, with KC Management Group, in an estimated funded amount of \$460,000.

The project scope is to allow KC Management to continue to provide personnel for technical information support for a fourth and final term, October 4, 2006 to October 4, 2007. This renewal includes no increase in rates. The new contract amount is \$1,356,000.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and carried, with Acting Chairman Evans abstaining:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10878 with KC Management Group in an estimated funded amount of \$460,000, 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. 4 to Contract No. 10879, Information Services Support, with Computer Horizons Corporation, in an estimated funded amount of \$490,000.

The project scope is to allow Computer Horizons Corporation to continue to provide personnel for technical information support for the fourth and final term, October 4, 2006 to October 4, 2007. This renewal includes no increase in rates. The new contract amount is \$1,390,960.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10879 with Computer Horizons Corporation in an estimated funded amount of \$490,000, 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. 4 to Contract No. 10881, Information

Support Services, with Cook Systems International Corporation, in an estimated funded amount of \$525,360.

The project scope is to allow Cook Systems International Corporation to continue to provide personnel for technical information support for the fourth and final term, October 4, 2006 to October 4, 2007. This renewal includes no increase in rates. The new contract amount is \$1,845,920.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10881 with Cook Systems International Corporation in an estimated funded amount of \$525,360, 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. 4 to Contract No. 10883, Information Support Services, with Ciber, Inc., in an estimated funded amount of \$734,400.

The project scope is to allow Ciber, Inc. to continue to provide personnel for technical information support for a fourth and final term, October 4, 2006 to October 4, 2007. This renewal includes no increase in rates. The new contract amount is \$4,402,160.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10883 with Ciber, Inc. in an estimated funded amount of \$734,400, 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 Change No. 1 to Contract No. 11141, Information Services Support, with ViaSys Technology, Inc., in an estimated funded amount of \$505,600.

The project scope is to allow ViaSys Technology, Inc. to continue to provide personnel for technical information support for the first and final term, October

4, 2006 to October 4, 2007. The renewal includes no increase in rates. The new contract amount is \$682,600.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 11141 with ViaSys Technology, Inc. in an estimated funded amount of \$505,600, 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 award of contract for furnishing extra low profile polycarbonate meter covers which are used to protect residential meters from the weather and prevent tampering. Order quantity is based upon previous usage records and upcoming projects that will be scheduled during the next 24 months. During the length of this contract, quantity will be driven based on actual need for covers.

Bids were opened on July 5, 2006. The lowest and best complying bidder of four bidders was Vincent Sales in the amount of \$33,000 approximately.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of 24-month contract to Vincent Sales is approved for furnishing:

12,000, approximately – Extra low profile polycarbonate meter covers in accordance with MLGW specifications, at \$2.75 each

totaling \$33,000, approximately; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in two weeks.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing paper-lead cable to replenish inventory material for distribution and/or contract crews to install and/or maintain the electric system.

Bids were opened on July 12, 2006. The lowest and best complying bidder of two bidders was The Okonite Company. The approximate total for this item is \$63,864.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to The Okonite Company is approved for furnishing the Division with:

4,000 ft. (4 – 1,000 ft. reels) – 3/C No. 2/0 AWG compact sector copper conductor, paper-insulated, lead-covered, and polyethylene-jacketed, 15KV power cable, manufactured in accordance with MLGW Material Description No. 35-6626 dated February 6, 2001, at \$15.841 per ft.

2 – Samples of specified cable as required, at \$100 each

4 – Pulling eyes for each length of cable as required, at \$75 each

totaling \$63,864, approximately; f.o.b. Memphis, Tennessee transportation prepaid; terms – ½ of 1%-10 days, net 30; said price based on metals escalation; delivery in 12 weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing utility bodies which will be installed on new or existing cab and chassis units within the MLGW transportation fleet.

Bids were opened on July 12, 2006. Ten bids were solicited, and the lowest and best complying bidders of two bidders were Scruggs Equipment Company for five items and Altec Industries, Inc. for three items. The total for all items is \$173,082.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

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

3 – Warner Model No. WT94-M-DW-HD-SP utility bodies, in accordance with MLGW specifications, at \$5,759 each

1 – Warner Model No. WT84-M-DW-HD-SP utility body, in accordance with MLGW specifications, at \$9,481

1 – Warner Model No. WT84-M-DW-HD-SP utility body, in accordance with MLGW specifications, at \$6,889

1 – Warner Model No. WT150-M-DW-HD-SP utility body, in accordance with MLGW specifications, at \$10,995

7 – Warner Model No. WT150-M-DW-HD-SP utility bodies, in accordance with MLGW specifications, at \$9,248 each

totaling \$109,378; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 8-10 weeks; and further,

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Altec Industries, Inc. is approved for furnishing the Division with:

1 – Altec No. ASLS144-84 utility body, in accordance with MLGW specifications, at \$7,598

3 – Altec No. SL166-102 utility bodies, in accordance with MLGW specifications, at \$11,786 each

2 – Altec No. L150-102 utility bodies, in accordance with MLGW specifications, at \$10,374 each

totaling \$63,704; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 160-180 days after receipt of order.

Total of both awards amounts to \$173,082.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing truck-mounted hydraulic winches which are used by distribution crews when installing and/or maintaining electric, gas and water systems. This equipment replaces existing equipment that will be retired.

Bids were opened on July 12, 2006. Ten bids were solicited, and the lowest and best complying bidder of two bidders was Scruggs Equipment Company, Inc. for the amount of \$95,984.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

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

8 – Tulsa/DP Model No. 20UA9B3R2G front truck-mounted hydraulic winches with 20,000-lb. capacity to be installed on chassis supplied by MLGW, all in accordance with MLGW Specification No. TFMW-06-4001, at \$11,998 each

totaling \$95,984; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery 18-20 weeks after receipt of order.

12. The Secretary-Treasurer advised the Board that the resolution approved by the Board July 7, 2005, listing those persons authorized to sign and/or countersign Division and Pension checks should be amended.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Amendment No. 5 be approved as follows:

By **adding** Brenda Turner to the list of personnel authorized to **sign** Freight Account checks (Tri-State – MLGW Freight Account No. 00-0900028).

By **deleting** Rita Heffner from the list and **adding** Jacquelynn Royston to the list of personnel authorized to **sign or countersign** Project MAX Account checks (Tri-State – MLGW Project MAX Account No. 018-202-8).

13. The Vice President, Engineering submitted for consideration of the Board W. R. No. C3I25491, to transfer capital funds in the total amount of \$26,000 to the 2006 Budget, Item No. 44-14, Miscellaneous Pumping Facilities – Abandon Wells - for the purpose of abandoning Well 123 in the Allen Water Pumping Station well field because Water Operations has televised the well and determined from the video that the well cannot be repaired. Abandoning the well will serve to help protect the aquifer from potential contamination and will permit another well to be installed on the site.

Funds in the total amount of \$26,000 will be taken from the 2006 Budget, Item 43-5, Emergency Generator, Sheahan Pumping Station.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, W. R. No. C3I25491 in the total amount of \$26,000, as outlined in the foregoing preamble, is approved.

14. The Vice President, Engineering submitted for consideration of the Board W. R. No. W8H65027, to transfer capital funds in the total amount of \$400,000, to Work Order Category 253, Cast Iron Replacement, for the needed gas system cast iron replacement project entitled “Barton-Crump to McLemore.”

Funds in the total amount of \$400,000 will be taken from the 2006 Budget Work Order Category 254, Other Items, Page 28, Line Item titled “Street Improvement Projects from TDOT, City, County” to fund the cast iron replacement project referenced above.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, W. R. No. W8H65027 in the total amount of \$400,000, as outlined in the foregoing preamble, is approved.

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

PORTION of a 5-ft.-wide MLGW utility easement as recorded under Instrument No. 05012287 in the Register's Office of Shelby County, Tennessee across Lot 27, Oak Grove P.D., Phase 4, Woodgrove Section A as recorded in Plat Book 221, Page 26 in the Register's Office of Shelby County, to Duntreath Investments, LLC. or their successor in title for the sum of \$1.00.

Property addressed as 887 Elm Grove Circle, Collierville, TN.

PORTION of a 5-ft.-wide electric multi-purpose easement as recorded under Instrument No. KK-0490 in the Register's Office of Shelby County, Tennessee across Lot 110, Final Plan, Phase II, Devonshire Gardens P.D. as recorded in Plat Book 221, Page 47 in the Register's Office of Shelby County, Tennessee to Correale Investment Properties, LLC or its successor in title for the sum of \$1.00.

Property addressed as 2972 Devonshire Cove, Germantown, Tennessee 38138.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Release of said easements across the above described properties 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 deeds be executed releasing said easements to the current property owners for a consideration of \$1.00.

16. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing strategic alliance contracts for substation power transformers which are projected in the master plan for future development of the MLGW electrical system for the next 60 months. Order quantities are based upon previous usage records and projected projects (four new planned electrical substations requiring eight units and nine units for system reliability replacements: one system improvement replacement, four end-of-life replacements, three failure replacements, and one emergency replacement) that will be scheduled during the next 60 months. Each unit will serve approximately 5,000 to 7,000 customers. During the length of the contract, quantities will be driven based on actual need for substation power transformers.

Bids were opened on May 10, 2006. The lowest and best complying bidders of five bidders were Waukesha Electric Systems and Siemens Power Transformers. The approximate total for all items is \$24,619,833.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Waukesha Electric Systems is approved for furnishing:

60-month strategic alliance contract for providing substation power transformer, 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, supplier 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 the supplier. A copy of all unit prices to be placed on file in the Accounting Department of MLGW

total award amounts to approximately \$11,538,857, f.o.b., Memphis, Tennessee, transportation prepaid; said prices with metals and oil indices escalation/de-escalation to be applied over the 60-month period as applicable; terms are Net 30 days; delivery as required, approximately 42-47 weeks after release of material; and further,

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Siemens Power Transformers is approved for furnishing:

60-month strategic alliance contract for providing substation power transformer, 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, supplier 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 the supplier. A copy of all unit prices to be placed on file in the Accounting Department of MLGW

total award amounts to approximately \$13,080,976, f.o.b. Memphis, Tennessee, transportation prepaid; said prices with metals and oil indices escalation/de-escalation to be applied over the 60-month period as applicable; terms are Net 30 days; delivery as required, approximately 60-70 weeks after release of material.

Total of both awards amounts to \$24,619,833.

17. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11165, Master Tower Attachment Agreement, between MLGW and Verizon Wireless Partnership d/b/a Verizon Wireless for an initial term of five years, commencing on the effective date of July 20, 2006, in the amount of \$120,000.

Verizon Wireless wishes to lease tower space upon towers (all of the towers which are the subject of this Master Agreement) owned by MLGW upon which Verizon Wireless intends to mount certain of their antennas, other equipment and related devices. Verizon Wireless shall pay lease fees in the amount of \$120,000 over a five-year period. Payments will be made annually in the amount of \$24,000.

It is recommended that additional sites and annual renewals be allowed.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, Award of Contract No. 11165 between MLGW and Verizon Wireless in the amount of \$120,000 over a five-year period is approved; and further,

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

18. WHEREAS, MLGW desires to facilitate Economic Development in Memphis and Shelby County; and

WHEREAS, it is in the best interest of Memphis and Shelby County to continue the tasks originally outlined in the Memphis 2005 Economic Development Strategic Plan and components of the new initiative of the Memphis Regional Chamber which build on this Plan including a Metro Strategy, Talent Strategy and a Regional Strategy; and

WHEREAS, this agreement will provide funds for services for Economic Development, Community Development and Research; and

WHEREAS, cost for this service (\$175,000.00) will be provided by MLGW.

It was moved by Commissioner Clark, seconded by Commissioner Taylor and carried, with Commissioner Clark abstaining:

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF LIGHT, GAS AND WATER COMMISSIONERS, that the agreement between MLGW and the Memphis Regional Chamber for the purpose as outlined in the attached Scope of Services (Attachment A) (See Minute File No. 1284) is hereby approved contingent on approval by the Memphis City Council.

BE IT FURTHER RESOLVED, that the President of MLGW is hereby authorized to execute the agreement for the aforementioned services on behalf of MLGW.

BE IT FURTHER RESOLVED, that funds in the amount of \$175,000.00 are hereby appropriated from the FY 2006 MLGW Budget for the purposes of said contract.

19. The President and Vice President, Human Resources submitted for approval of the Board the following revised Memphis Light, Gas and Water Personnel Policies, as amended (see Minute File No. 1284):

Policy No. 21-07	Scheduling of Tests and Job Interviews
Policy No. 21-08	Temporary Work Assignments to Locations Outside of Shelby County
Policy No. 21-12	Employee Information
Policy No. 21-13	Employment References and Verifications
Policy No. 21-14	Sponsorship of Non-U.S. Citizens
Policy No. 23-04	Travel MLGW Business
Policy No. 23-28	Identification of MLGW Employees
Policy No. 23-30	Circulation/Possession of Unauthorized Materials
Policy No. 25-01	Abbreviation of Company Name

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 Commissioner Clark, seconded by Commissioner Taylor and unanimously carried:

THAT, The policies stated above are hereby approved.

20. Frierson Graves, 88 S. Mendenhall, appeared before the Board to discuss retiree health benefits (see Minute File No. 1284.)

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

SEE MINUTE FILE NO. 1284.

Secretary-Treasurer