

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
August 4, 2005

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A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at the Fogelman Executive Center, University of Memphis Campus, Thursday, August 4, 2005 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; James L. Russell, Commissioner; Nick Clark, Commissioner; William L. Taylor, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Max Williams, Vice President and General Counsel; Rob Hunter, Interim Vice President, Construction and Maintenance; Chris Bieber, Vice President, Engineering; Marcia Mason; Interim Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer.

Vice Chairman Evans moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held July 21, 2005, 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 19, 2005, Item Nos. 21 through 35, approving items approved by the MLGW Board at meeting held July 7, 2005. (See Minute File No.1271.)

Howard Robertson, Trust Marketing, presented the MLGW Customer Survey Report to the Board. (See Minute File No. 1272.)

Dana Jeanes presented the 2<sup>nd</sup> Quarter Balanced Scorecard to the Board. (See Minute File No. 1272.)

Joseph Lee, III discussed MLGW car allowances.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11032, Pipeline Integrity Management ECDA Inspections, to GE Energy in an estimated funded amount of \$1,430,127.84.

The project scope is to perform yearly corrosion direct assessment ECDA of MLGW's 150 gas transmission lines (stages 1, 2, 3 and 4) for \$1,275,000; an aerial survey of 175 miles for \$40,050; and an inline inspection of 12 miles for \$115,077.84, to update MLGW's current Pipeline Integrity Program averaging 20 to 25 miles per year whereby completing the entire project within six years.

Two bids were opened on March 2, 2005, with the best and most responsive bid being submitted by GE Energy.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11032 to GE Energy in an estimated funded amount of \$1,430,127.84 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. 11046, Emergency Generator and Tank for Morton Station, to Tri-State Armature and Electrical Works, Inc. in the funded amount of \$1,637,750.

The project scope is to furnish and install a seismically-designed utility-grade power module tank and associated equipment at the Morton Water Pumping Station, located at 3150 Hawkins Mills Road.

Bids were opened on June 22, 2005, with the lowest and best bidder of four bidders being Tri-State Armature and Electrical Works, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11046 to Tri-State Armature and Electrical Works, Inc. in the funded amount of \$1,637,750 as outlined in the foregoing preamble is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11055, Filter Building Improvements at Morton Station, to Chris-Hill Construction Company, LLC in the funded amount of \$306,940.

The project scope is to replace the filter media underdrain tiles and grout as needed; remove and dispose existing water filtration media and support gravel; and install new filtration media and support gravel at MLGW's Ray Morton Water Pumping Station, located at 3150 Hawkins Mills Road.

Bids were opened on July 13, 2005, with the lowest and best bidder of four bidders being Chris-Hill Construction Company, LLC.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11055 to Chris-Hill Construction Company, LLC in the funded amount of \$306,940 as outlined in the foregoing preamble is approved; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11057, Indus Maintenance Services Agreement, to Indus International, Inc. in the funded amount of \$36,525.

The project scope is to allow MLGW to purchase annual maintenance for the BillGen software that is used by MLGW to process complex meter-reading data for billing large industrial customers as part of Banner CIS. Indus International is the sole provider of software support for the BillGen application. It is further requested that staff be authorized to purchase annual software maintenance provided the fee does not increase more than the annual Consumer Price Index for each year.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11057 to Indus International, Inc. in the funded amount of \$36,525 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 award of Contract No. 11059, Choctaw Roofing Project, to Osment Roofing Systems, Inc. in the funded amount of \$69,885.

The project scope is to furnish all labor, material, equipment, supervision and a safe environment to re-roof Choctaw's South Wing "B", located at 1180 Tupelo Street.

Bids were opened on July 13, 2005, with the lowest and best bidder of four bidders being Osment Roofing Systems, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11059 to Osment Roofing Systems, Inc. in the funded amount of \$69,885 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 award of Contract No. 11060, Emergency Generator Installation, to Tri-State Armature and Electrical Works, Inc. in the funded amount of \$112,740.

The project scope is to remove the existing 125 KV generator from Building No. 1 and install it at Building No. 3 complete with all necessary cabling, pad and appurtenance, and install a new diesel 250 KV generator complete with all necessary cabling, extended pad and appurtenance at Building No. 1 of the North Service Center, located at 1060 Tupelo Street.

Bids were opened on July 13, 2005, with the lowest and best bidder of two bidders being Tri-State Armature and Electrical Works, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11060 to Tri-State Armature and Electrical Works, Inc. in the funded amount of \$112,740 as outlined in the foregoing preamble is approved; and further,

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

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11065, Financial Service Consultant, to Stephen R. Pace, CPA, in the funded amount not to exceed \$37,499, of which \$16,030.08 was paid under Agreement No. C-1295.

The project scope covers monthly financial statement preparation assistance, bank reconciliation assistance, account analyses, loans/deferred billing research and reconciliations, and post-retirement benefit trust year-end audit assistance, while accounting positions are being filled.

Stephen R. Pace contracted with MLGW on June 13, 2005 to provide accounting and consulting assistance for Management Accounting under Agreement No. C-1295 and will exceed the agreement value of \$24,999.

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

THAT, Award of Contract No. 11065 to Stephen R. Pace, CPA, in the funded amount of \$37,499 as outlined in the foregoing preamble is approved; and further,

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

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 4 to Contract No. 10855, Wireless Communication Services, with Cingular Wireless to extend the contract beyond the August 29, 2005 expiration date in the funded amount not to exceed \$24,999.

The project scope is changed to extend the contract from August 29, 2005 to October 31, 2005 to have time to evaluate proposals and implement a new contract. The new contract amount is \$316,078.

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

THAT, Change No. 4 to Contract No. 10855 with Cingular Wireless in the funded amount not to exceed \$24,999 as outlined in the foregoing preamble is approved; and further,

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

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 10992, Dial Tone Services, with BellSouth Telecommunications, Inc. in the funded amount of \$80,748.

The project scope has changed to allow BellSouth to furnish six T1 circuits between the Arlington LNG Plant and the Capleville LNG Plant. These circuits will allow the required bandwidth to monitor the Capleville LNG Plant remotely. The new contract amount is \$494,568.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 10992 with BellSouth Telecommunications, Inc. in the funded amount of \$80,748 as outlined in the foregoing preamble is approved; and further,

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

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing 20 Remote Terminal Units (RTU's) which are used for alarm signaling of electric, gas and water checkpoints. The RTU's are polled by a master station(s) via 900 MHZ or other means of communication transport, i.e. fiber optics, telephone lines. The RTU's send a signal (alarm) to the master station which sends the data to System Operations (SCADA) through some means of communication when a malfunction has occurred within the electric, gas and/or water infrastructure, i.e. erroneously opened/closed gas and/or water valves, sectionalizers, electric reclosures.

Bids were opened on June 22, 2005, with the best complying bidder of four bidders being Telvent in the amount of \$167,210.

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

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

20 – Remote Terminal Units (RTU's) which are used for alarm signaling of electric, gas and water checkpoints as described in the foregoing preamble

totaling \$167,210, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 90 days.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request to extend contracts with Minolta Corporation and Pitney-Bowes Office Systems/Imagistics for rental of copiers for a period not to exceed six months.

This request is necessary to allow sufficient time to upgrade specifications and complete the bid process. The contracts currently in place for rental of copiers used throughout the Division expired August 1, 2005. The Board previously approved these contracts in their meeting held June 20, 2002 for a period of 36 months in the total amount of \$345,600. Total expenditures to date are \$245,183.91. Approximate cost of extension will be \$9,600 per month for a total of approximately \$57,600.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, extension of contract with Minolta Corporation is approved in the approximate amount of \$31,236; and further,

THAT, Subject to the consent and approval of the Council of the City of Memphis, extension of contract with Pitney-Bowes Office Systems/Imagistics is approved in the approximate amount of \$26,364.

Total extension amounts to \$57,600.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners rejection of all bids received on server hardware and software.

Bids were opened on July 20, 2005 from six bidders. All bids exceed the funds budgeted by MLGW for this equipment. It is, therefore, recommended that bids

received be rejected, with MLGW's specifications to be re-written and the equipment to be re-bid at a later time.

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

THAT, All bids for furnishing the Division with server hardware and software are hereby rejected.

13. It was moved by Commissioner Clark, seconded by Commissioner Taylor and carried that, subject to the consent and approval of the Council of the City of Memphis, Salary S-75542 is approved (see Minute File No. 1272.) Commissioner Russell passed and Vice Chairman Evans voted no.

14. It was moved by Commissioner Clark, seconded by Commissioner Taylor and carried that, subject to the consent and approval of the Council of the City of Memphis, Salary S-76804 is approved (see Minute File No. 1272). Commissioner Russell passed.

15. The Vice President, Engineering submitted for consideration of the Board W. R. No. C3H15690 to transfer capital funds in the total amount of \$17,000 for the Well Field Radio Control System for the Morton Water Pumping Station to improve communication and control of the water production wells.

Funds in the total amount of \$17,000 will be taken from the 2005 Budget – Item 40-3 – Design Seismic Plant Retrofit - Sheahan Pumping Station – combined with the \$270,000 listed in the 2005 Budget – Item 40-14 – Radio System – Morton Pumping Station - to provide total funding in the amount of \$287,000.

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

THAT, W. R. No. C3H15690 in the total amount of \$287,000 as outlined in the foregoing preamble is approved.

16. The Manager, Electric Engineering submitted for consideration of the Board release of the following easement:

PORTION of 75-ft.-wide utility easement as recorded under Instrument No. DG-1494 in the Register's Office of Shelby County, Tennessee, to Tommy C. Starkey and wife Joye D. Starkey, or their successor in title, for



the sum of \$1.00. Property located on the west side of Mineral Wells Road, opposite Global Road.

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

THAT, Release of 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 appropriate release deed be executed releasing said easement to the current property owner for a consideration of \$1.00.

17. Vice Chairman Evans proposed replacing car allowances with a mileage reimbursement program for future hires of MLGW for Managers and above.

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

THAT, Effective immediately, car allowances will be replaced with a mileage reimbursement program for future hires of MLGW for Managers and above.

18. Joe Saino, 6560 Kirby Forest Cove, addressed the Board regarding Item Nos. 13 and 14 and various matters.

19. Mark Heuberger addressed the Board regarding Item No. 13.

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

SEE MINUTE FILE NO. 1272.