

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
August 17, 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 17, 2006 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; 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; Armstead Ward, 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 August 3, 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 August 1, 2006, Item No. 6 (revised), approving item approved by the MLGW Board at its meeting held April 20, 2006; Item No. 7 and Item Nos. 9 through 15, approving items approved by the MLGW Board at its meeting held July 20, 2006.

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

Charlotte Todd, Supervisor, Credit Operations, made a presentation to the Board.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11109, Systems Furniture, to Corporate Express, Inc., in an estimated funded amount of \$229,940.76.

The project scope is to seek a supplier to acquire acoustical partition and modular systems to supply open office furniture to satisfy the functional needs of MLGW in Memphis and Shelby County, Tennessee.

Two bids were received on April 20, 2006 for said Contract, with the best bid being submitted by Corporate Express, Inc.

It was moved by Commissioner Clark, 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. 11109 to Corporate Express, Inc. in an estimated funded amount of \$229,940.76, 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. 11117, Internet Service Provider, to Bellsouth Corporation, in an estimated funded amount of \$21,600 annually.

Bellsouth Corporation will provide Internet Service as outlined in their proposal for the 10 Meg DIA over Metro Ethernet service at the cost of \$1,800 per month without any installation fee to be installed at the MLGW Administration Building, 220 South Main.

Proposals were received on July 7, 2006 for said Contract, with the only proposal being submitted by Bellsouth Corporation.

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

THAT, Award of Contract No. 11117 to Bellsouth Corporation in an estimated funded amount of \$21,600, 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 presented for consideration of the Board amendment to Contract No. 10877, Wireless Telephone Services, with Nextell Communications.

This amendment is necessary to correct Change No. 4, approved by the Board on February 16, 2006, to read Change No. 5, and to correct the contract amount of

\$436,841.92 to read \$438,595.42. Both changes are necessary as a result of the February 16, 2006 resolution not showing past terms and conditions approved by previous Board resolutions.

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

THAT, Change No. 4 to Contract No. 10877, approved by the Board at its meeting held February 16, 2006, be corrected, as outlined in the foregoing preamble; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 2 to Contract No. 10978, Global Positioning Systems, with At Road, Inc., to extend the contract for a second 12-month term covering the period May 14, 2006 to May 13, 2007, in an estimated funded amount of \$98,850.

The project scope is to allow At Road, Inc. to continue to provide global monitoring service and maintenance for 250 MLGW vehicles for the period May 14, 2006 to May 13, 2007. This extension does not require any rate increase. The new contract amount is \$477,700.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 10978 with At Road, Inc., in an estimated funded amount of \$98,850, 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 advised the Board of Light, Gas and Water Commissioners that Change No. 3 to Contract No. 11018, Trash Removal Services, with Waste Connection, Inc. approved by the Board January 5, 2006 should be corrected to read to renew the Contract for the first term and further, the Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 4 to Contract No. 11018, Trash Removal Services, with Waste Connections, Inc., to renew the contract for the second term beginning January 1, 2007 to December 31, 2007 in an estimated funded amount of \$115,890.62.

The project scope is to furnish material, labor and equipment necessary for trash removal services at various MLGW facilities. This renewal reflects an approximately 3.36% increase. The new contract amount is \$337,523.94.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 11018 with Waste Connections, Inc. in an estimated funded amount of \$115,890.62, as outlined in the foregoing preamble, is approved; and further,

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

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 1 to Contract No. 11102, Reroof Six MLGW Buildings at various locations, with Treadwell-Chambers, Inc., to change the scope to allow the contractor to substitute Johns Manville CleanBond membrane with JM Invinsa coverboard for the Johns Manville membrane and DensDeck coverboard with no increase in the funded amount.

The project scope is to allow Treadwell-Chambers to substitute Johns Manville CleanBond membrane with JM Invinsa coverboard for the Johns Manville membrane and DensDeck coverboard. Johns Manville (manufacturer) no longer recommends the DensDeck coverboard for the application of hot asphalt roofs due to problems with blistering. This change will not increase the contract value. The current contract value is \$409,352.

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

THAT, Change No. 1 to Contract No. 11102 with Treadwell-Chambers, Inc., 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 that it award the purchase of ground rods which is used by distribution support crews to install and/or maintain electric system.

Bids were opened on August 8, 2006. The lowest and best complying bidder of three bidders was the firm of Industrial Sales Company in the amount of \$45,430.

It was moved by Commissioner Clark, 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 with Industrial Sales Company is approved for furnishing:

5,500 – Erico #615880MLGW ground rods in accordance with MLGW specification dated September 7, 1994

totaling \$45,430; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery in four weeks.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of seven capacitor banks to be used to increase system capacity by maintaining the power factor, regulate system voltage and reduce system losses.

Bids were opened on July 24, 2006. The most responsive bidder of three bidders was the firm of Stuart C. Irby in the amount of \$42,838.95.

It was moved by Commissioner Clark, 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 with Stuart C. Irby is approved for furnishing:

7 – Maysteel model#CB18LSXBO241XA – 1800 KVAR, three phase overhead capacitor banks in accordance with MLGW specification 40-28XX dated August 31, 1992 at \$6,119.85 each

totaling \$42,838.95; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery in 19 weeks.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of fused cutouts which is used by distribution support crews to install and/or maintain electric system.

Bids were opened on August 7, 2006. The lowest and best complying bidder of three bidders was the firm of Tennessee Valley Electric Supply in the amount of \$35,402.50.

It was moved by Commissioner Clark, 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 with Tennessee Electric Supply is approved for furnishing:

850 – A.B. Chance #C710-213P fused cutouts at \$41.65 each

totaling \$35,402.50; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery in six weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of crushed limestone for a 12-month period with the option to extend an additional two 12-month periods, material to be used by distribution and/or contract crews for use as a backfill and construction material. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 12 months. During the length of this contract, quantities will be driven based on actual need for crushed limestone.

Bids were opened on July 26, 2006. The lowest and best complying bidder of three bidders was the firm of Fullen Dock and Warehouse. The approximate total for all items is \$481,750.

It was moved by Commissioner Clark, 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 as follows is approved for furnishing:

Blanket contract for a 12-month period with an option to extend an additional two 12-month periods for providing crushed limestone to be furnished by Fullen Dock and Warehouse as released by MLGW. A copy of all unit prices to be placed on file in MLGW's Accounting Department; and further,

The total award for 12 months amounts to approximately \$481,750 f.o.b. Memphis, TN, transportation prepaid; said prices being firm for the first 12 month period with a fuel escalation/de-escalation of \$0.25 per ton for each \$0.25 increase/decrease in the price of diesel fuel as published in the Weekly Retail On-Highway Diesel Prices for the U.S., terms are Net 30 days; delivery as required.

11. The Manager, Procurement and Contracts requests the Board's permission to amend Purchase Order No. 122510 with Thomas Consultants, Inc. for Dell servers budgeted for 2006 and 2007. All existing customer terms and conditions will remain the same.

On June 3, 2004, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for Dell servers. The original award amount was approximately \$1,420,812. This request is the result of projects requiring additional

servers to support new and existing applications resulting in a higher anticipated demand. Total expenditures to date on this contract are \$1,389,192.23 with a balance of \$31,619.77. Therefore, an additional approval in the amount of \$860,000 is requested to allow MLGW to release the servers required to meet MLGW's needs for the remainder of 2006 and 2007. This will bring the total approved amount to \$2,280,812.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Purchase Order No. 122510 be amended as outlined in the foregoing preamble.

12. The Manager, Procurement and Contracts requests the Board's permission to amend Purchase Order No. 123966 with Stress/Crete c/o Curtis H. Stout of TN for concrete standards budgeted for 2006. All existing customer terms and conditions will remain the same.

On January 6, 2005, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for concrete standards. The original award amount was approximately \$404,706.99, with firm prices for the first 12-month period with a 3% maximum escalation for material in years two and three. The request is needed to complete the final phase of the Countrywood annexation which is to be completed by the end of December 2006. This project consists of the installation of approximately 2,600 concrete standards resulting in a higher anticipated demand. Total expenditures to date on this contract are \$198,403 with a balance of \$206,303.99. Therefore, an additional approval in the amount of \$574,440 is requested to allow MLGW to release the concrete standards required for MLGW stock and scheduled jobs for the remainder of 2006 and 2007. This will bring the total approved amount to \$979,146.99.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Purchase Order No. 123966 be amended as outlined in the foregoing preamble.

13. 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 System checks should be amended.

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

THAT, Amendment No. 6 be approved as follows:

By **deleting** Jozelle Booker and Valerie Fitzgerald from the list and **adding** Mary Helen Lovett to the list of personnel authorized to **sign** Freight Account checks (Tri-State – MLGW Freight Account No. 00-0900028).

14. The Vice President of Operations submitted for consideration of the Board, payment of an invoice from the Tennessee Department of Environment and Conservation for the annual facility maintenance fee for public water systems.

This fee is assessed according to Rule 1200-5-1-32 passed by the Water Quality Control Board. It is based on the number of water service connections and/or type of facility, with a cap of \$60,800 for systems greater than 200,000 connections, plus \$0.14 per each connection over 200,000 (MLGW has 260,477 connections).

Funds for this fee are included in the 2006 budget.

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

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$69,266.78, payable to the Treasurer, State of Tennessee.

15. The President submitted for approval of the Board the following position numbers, per the attached documents:

Position No. 00530, Clerical Support I
Position No. 06118, Lead Heating/Ventilation/Air Conditioning Technician
Position No. 06119, Lead Plummer

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

THAT, Position numbers 00530, 06118 and 06119, as listed in the foregoing preamble, are approved.

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

Three eight-foot wide electric distribution utility easements as recorded in Book 4005, Page 509 and in Book 4084, Page 367 in the Register's Office of Shelby County, Tennessee across a parcel of land described under Instrument Number 05044805 in the Register's Office of Shelby County, Tennessee, to NTP Highway 51 – Whitney, a Tennessee G.P. or its successors in title for the sum of \$1.00.

Property located on the northeast corner of U.S. Highway 51 North and Whitney Avenue.

A metes and bounds utility easement as recorded in Book 4484, Page 25 in the Register's Office of Shelby County, Tennessee across a parcel of land described under Instrument Number 05044805 in the Register's Office of Shelby County, Tennessee to NTP Highway 51 – Whitney, a Tennessee G.P. or its successor in title for the sum of \$1.00.

Property located at 3100 Thomas Street, Memphis, TN 38127.

It was moved by Commissioner Clark, seconded by Commissioner Russell 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 each.

17. The President and Chief Executive Officer presents for consideration of the Board the following resolution for approval:

Memphis Light, Gas and Water will enter into a pre-pay natural gas arrangement with the Tennessee Energy Acquisition Corporation (TEAC) for the purchase of natural gas at a discounted price. TEAC will pre-pay for the natural gas, the natural gas is delivered to MLGW and MLGW pays for the gas after it is delivered to MLGW, as is our normal business practice. MLGW will receive a first of the month discount to an appropriate index of \$0.515 or greater for all gas purchased under this agreement beginning in year one based on a contract with TEAC for a term not to exceed twenty (20) years, all as shall be determined by the President and Chief Executive Officer. The twenty-year term of this contract requires approval by the Council of the City of Memphis.

The agreements will include a standard North America Energy Standards Board (NAESB) agreement and Supplemental Agreement(s). The agreements shall detail terms and conditions for natural gas purchases of approximately 5.7 BCF annually or

approximately 13% of our annual volume. All relevant operational details of the transactions must be agreed upon by both parties prior to execution of the agreements.

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

THAT, The Resolution to enter into this pre-pay natural gas purchase with TEAC is approved as outlined in the foregoing preamble; and further,

THAT, The twenty-year term of the contract is subject to approval by the Council of the City of Memphis; and further,

THAT, The President and Chief Executive Officer is authorized to execute the contract upon agreement of all relevant operational criteria essential for effective natural gas transactions, and as specified in the preamble.

18. The President and Vice President for Human Resources submitted for approval of the Board the following revised Memphis Light, Gas and Water Personnel Policy:

Policy No. 21-01

Employment of Relatives

The revised MLGW Personnel Policy was 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 the policy revisions.

This MLGW Personnel Policy will become effective upon implementation by the President of MLGW.

It was moved by Commissioner Clark, seconded by Commissioner Russell and carried, with Chairman Masson and Vice Chairman Evans voting no:

THAT, The Policy stated above is hereby approved.

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

SEE MINUTE FILE NO. 1284.

Secretary-Treasurer