

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
August 18, 2005

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 18, 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; Diana Veazey, Vice President, Construction and Maintenance; Alonzo Weaver, Vice President, Customer Operations; Chris Bieber, Vice President, Engineering; Marcia Mason; Interim Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. *Due to a prior commitment, Commissioner Taylor was not present to vote on the agenda at the end of the Board meeting.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held August 4, 2005, 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 August 2, 2005, Item Nos. 9 through 14, approving items approved by the MLGW Board at meeting held July 21, 2005. (See Minute File No. 1271.)

Dana Jeanes made a presentation to the Board regarding the Energy Policy Act 2005. (See Minute File No. 1272.)

Frank Carney, Legal Counsel, addressed the Board regarding car allowances.

After much discussion by the Board, it was moved by Commissioner Clark, seconded by Commissioner Russell and carried, with Commissioner Taylor voting no:

WHEREAS, there are 42 employees who currently receive car allowances; and

WHEREAS, car allowance has been defined as compensation by Board Resolutions dating from 1986; and

WHEREAS, Legal Counsel has opined and advised the Board that car allowance is salaried compensation; and

WHEREAS, the Board desires to clarify terminology in the compensation structure.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Effective January 1, 2006, the category of car allowance is eliminated and reclassified as salaried compensation for those 42 employees now receiving car allowances.
2. Those 42 employees who receive car allowances will have their salaries adjusted to include these allowances as compensation.
3. All other employees and those persons hired on or after August 4, 2005 will not have car allowances included as compensation but will be reimbursed for mileage in accordance with Division policy.

1. By unanimous consent, Item No. 1, award of Contract No. 11042, Facilities Location Services, to Heath Consultants, Inc. was deleted from the agenda.

2. The Manager, Emergency Response Planning and Safety/Environmental Affairs submitted for consideration of the Board Contract No. 11068, Mutual Aid Agreement, adopted by the American Gas Association (AGA). The purpose of the Agreement is to allow AGA corporate members such as MLGW to cooperate with each other, provide assistance to each other and render aid to each other in the restoration of gas service following emergencies such as earthquakes, storms, floods or major system failures. The Mutual Aid Agreement sets forth the terms and conditions of such cooperation and assistance, but does not impose any obligation on any gas system to furnish aid in response to requests from another system. Prior approval of any

disbursements of funds under this contract shall be approved by the Board of Light, Gas and Water Commissioners.

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

THAT, Award of Contract No. 11068, Mutual Aid Agreement, to American Gas Association (AGA) as outlined in the foregoing preamble is approved; and further,

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

3. By unanimous consent, Item No. 3, Change No. 4 to Contract No. 11011, North Service Center Roofing Projects, with B Four Plied, Inc. was deleted from the agenda.

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of 36-month contract for approximately 5,400 gas service assembly risers which are used to transport natural gas from the gas main and/or property line to the fuel line of residential customers. It contains all material necessary for the complete installation from property line to the customer's fuel line at the house, but does not include the gas meter.

Bids were opened on July 20, 2005, with the lowest and best complying bidder of two bidders being Chris George Sales in the amount of \$732,150, approximately.

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 36-month contract to Chris George Sales is approved for furnishing:

5,400 – Approximately, gas service assembly risers as outlined in the foregoing preamble

totaling \$732,150, approximately; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for 24 months, 5% maximum escalation in last 12 months; delivery in eight weeks.

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

This fee is accessed 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 263,552 connections).

Funds for this fee are included in the 2005 Budget.

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

THAT, The Secretary-Treasurer is authorized and directed to have a check issued in the amount of \$69,697.28, payable to the Tennessee Department of Environment and Conservation.

6. The Manager, Electric Engineering submitted for consideration of the Board W. R. No. C1H39316 in the amount of \$298,964 to replace power circuit breaker 1545 and switches at Substation No. 1. The breaker is obsolete and repair parts are not available.

Funding for this project will be obtained from line item (7-1) of the 2005 Capital Budget – Building and Structures Account No. 11013520 and Substation Equipment Account No. 11013530. Funds in the amount of \$75,000 which were projected to be spent on this project in 2004 were not spent.

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

THAT, W. R. No. C1H39316 in the amount of \$298,964 for installation of replacement power circuit breaker 1545 and switches is approved.

7. The Manager, Electric Engineering presented for consideration of the Board purchase of the following described easement from Dorothy Lester, Executrix, for a proposed 225 ft. wide electric transmission line easement, said easement being shown on the attached sketch and more particularly described as follows:

This easement is across the unsold portion of tract of land conveyed to Dorothy Lester, Executrix, by will of record as recorded in Will Book 258, Page 351, in the Probate Court Clerk's Office of Shelby County,

Tennessee, and being the same property conveyed to the late Virgil A. File by deed of record as recorded in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Nos. T6-6086, T6-6087, T6-6088, and T6-6089 and designated Second Tract; and being the same property as shown on the attached plat prepared by Ollar Surveying Company and dated March 16, 2005 and made a part hereof. (See Minute File No. 1272.)

Said easement is described in metes and bounds by Ollar Surveying Company as shown on Pages 2 and 3 of this easement contract and made a part hereof.

Included with the right of the above described permanent easement is the right for MLGW to cut down and remove from the above described easement all trees and to trim all limbs overhanging into said easement. MLGW must approve the removal of any fencing within said easement that would interfere with the operation of construction equipment. In the event fences are removed, MLGW will assume responsibility at their cost to replace any fences removed in as good or better condition than they were at the time of their removal. MLGW shall be liable for any damages to growing crops by its employees or by its agents or contractors in the exercise of the easements and rights-of-ways during the construction process.

Property located on the northwest corner of Long Road and Paul Barret Parkway (State Route 385).

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, purchase of easement described in the above preamble from Dorothy Lester, Executrix, for and in consideration of \$75,009, to be funded from the Electric Division included in the 2005 Budget; and further,

THAT, The President or his designated representative of the Division is authorized to execute the purchase of said easement.

8. The Manager, Electric Engineering presented for consideration of the Board purchase of the following described easement from Dorothy Lester, Executrix, for a proposed 225 ft. wide electric transmission line easement, said easement being shown on the attached sketch and more particularly described as follows:

This easement is across the unsold portion of tract of land conveyed to Dorothy Lester, Executrix, by will of record as recorded in Will Book 258, Page 351, in the Probate Court Clerk's Office of Shelby County, Tennessee, and being the same property conveyed to the late Virgil A. File by deed of record as recorded in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Nos. T6-6086, T6-6087, T6-6088 and T6-6089 and designated First Tract; and being the same property as shown on the attached plat prepared by Ollar Surveying Company and dated February 10, 2005 and made a part hereof. (See Minute File No. 1272.)

Said easement is described in metes and bounds by Ollar Surveying Company as shown on Page 2 of this easement contract and made a part hereof.

Included with the right of the above described permanent easement is the right for MLGW to cut down and remove from the above described easement all trees and to trim all limbs overhanging into said easement. MLGW must approve the removal of any fencing within said easement that would interfere with the operation of construction equipment. In the event fences are removed, MLGW will assume the responsibility at their cost to replace any fences removed in as good or better condition than they were at the time of their removal. MLGW shall be liable for any damages to growing crops by its employees or by its agents or contractors in the exercise of the easements and rights-of-ways during the construction process.

Property is located on the south side of Pleasant Ridge Road, approximately 200 feet east of the center line of Stewart Road as measured along the centerline of Pleasant Ridge Road.

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, purchase of easement described in the above preamble from Dorothy Lester, Executrix, for and in consideration of \$34,590, to be funded from the Electric Division included in the 2005 Budget; and further,

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

9. The Manager, Electric Engineering submitted for consideration of the

Board release of utility easement as follows:

5 ft. wide utility easement as recorded under Instrument No. V4-7254 in the Register's Office of Shelby County, Tennessee across tract of land to Heartsong United Methodist Church, or their successors in title, for the sum of \$1.00.

Property is located on the north side of Humphrey Road, approximately 515 feet east of the east line of Houston Levee Road (formerly Hall Road).

It was moved by Vice Chairman Evans, seconded by Commissioner

Russell 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 owners for a consideration of \$1.00.

10. The Vice President, Engineering submitted for consideration of the Board W. R. No. C3H43646 to transfer capital funds in the total amount of \$90,000 for installing a PVC lining and submersible pump and motor at Morton Well No. 616 to prolong the life of the well at this location.

Funds in the total amount of \$90,000 will be taken from the 2005 Budget – Item 40-3 – Design Seismic Plant Retrofit – Sheahan Pumping Station.

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

THAT, W. R. No. C3H43646 in the total amount of \$90,000 as outlined in the foregoing preamble is approved.

11. Commissioner Clark recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 8 to Contract No. 10673, Facilities Location Services, with Heath Consultants, Inc. in an estimated funded amount of \$180,000.

The project scope has changed to extend the contract not to exceed 60 days beginning September 30, 2005, due to the evaluation of Contract No. 11042 not being ready for recommendation of award. A continuation of the current contract is therefore necessary. This extension will be at the rates proposed in the proposal of Heath Consultants, Inc. of June 1, 2005. The new contract amount is \$5,518,488.88.

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, Change No. 8 to Contract No. 10673 with Heath Consultants, Inc. in an estimated funded amount of \$180,000 as outlined in the foregoing preamble is approved; and further,

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

12. Donna C. Driscoll, 4103 Auster, addressed the Board regarding job duties of Senior Communication Strategist and Advisor, and the purpose of hiring consultants.

13. Tina Evans, 995 Jessica Lauren Drive, addressed the Board regarding public records, media contact and legislation of Senator Steve Cohen.

14. Bill Hawkins, 4000 Clearpool Circle, addressed the Board regarding Item No. 1.

15. Diana Veazey addressed the Board regarding Item No. 1.

16. Jozelle Booker addressed the Board regarding Item No. 1.

17. Dana Jeanes addressed the Board regarding Item No. 1.

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

SEE MINUTE FILE NO. 1272.

Secretary-Treasurer