

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
September 1, 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, September 1, 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.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held August 18, 2005, that they be recorded as the official record, seconded by Vice Chairman Evans and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated August 16, 2005, Item Nos. 5 through 15, approving items approved by the MLGW Board at meeting held August 4, 2005. (See Minute File No. 1272.)

Diana Veazey made a presentation to the Board regarding Feed the Need.

Patricia O'Connor made a presentation to the Board regarding Feed the Need.

Christopher Bieber made a presentation to the Board regarding Restoration Update.

Alonzo Weaver made a presentation to the Board regarding Natural Gas Impact.

Mark Heuberger made a presentation to the Board regarding Hurricane Relief.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11069, Mobile Document Shredding Service, to Shred-It in an estimated funded amount not to exceed \$74,999.98, of which \$48,298.85 was paid under Agreement No. C-1106.

This provides mobile document shredding service at various MLGW facilities in Memphis and Shelby County, Tennessee for a period of one year, November 1, 2005 to October 31, 2006.

Shred-It contracted with MLGW on November 1, 2001 to provide paper shredding under Agreement No. C-1106 and will now exceed the agreement value of \$49,999.99.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11069 to Shred-It in an estimated funded amount of \$74,999.98 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 approval of Expedited Procurement Request for Change No. 6 to Contract No. 10667, Right-of-Way Mowing, with Bean & Prince Contractors, Inc. in an estimated funded amount of \$200,000.

This is a request for additional funds needed to pay for services rendered prior to sufficient funds being approved and allocated in order to continue with this contract. These additional funds are necessary to cover payment of accumulated invoices whereby, after being paid, will close this contract and a new contract will be in operation. The new contract amount is \$860,321.84.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 6 to Contract No. 10667 with Bean & Prince Contractors, Inc. in an estimated funded amount of \$200,000 as outlined in the foregoing preamble is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 4 to Contract No. 10882, Information Services Support, with Quilogy, Inc. in an estimated funded amount of \$912,000.

This renews the contract for the third term, October 1, 2005 to October 1, 2006, to provide personnel for technical information support. The estimated fee for the covered period is \$912,000 and each applicant will be paid in accordance with Article 1 – Proposed Rate Schedule. The new contract amount is \$3,771,520.

It was moved by Commissioner Taylor, seconded by Commissioner Russell and carried, with Commissioner Clark recusing himself on this item:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10882 with Quilogy, Inc. in an estimated funded amount of \$912,000 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 approval of Expedited Procurement Request for Change No. 3 to Contract No. 10888, Disease Management Services Agreement, with Medical Outcomes Management, Inc. in the funded amount of \$111,320.

This covers final payment and closes the contract and is necessary due to failure to properly notify Contracts Management to end this service and to make final payment. Contractor has been given the required cancellation notice, and service ended August 22, 2005. The new contract amount is \$750,227.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 3 to Contract No. 10888 with Medical Outcomes

Management, Inc. in the funded amount of \$111,332 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 approval of Change No. 2 to Contract No. 10905, Third Party Medical Plan Administrator, with Claims Management Services, Inc. in an estimated funded amount of \$824,000 from the budget of Operations and Maintenance.

This renews the contract for the second term, November 1, 2005 to October 31, 2006, to perform certain administrative services on behalf of MLGW and to charge monthly administration fees per employee to reflect a 5% increase to renew the contract. Fees will be assessed for Claim Administration, Managed Care/Utilization Review (Pre-Authorization of Outpatient Services), Cobra and HIPAA Certificate. Two additional Optional Medical Managed Care Services will be provided, Managed Care (not included in the standard package) and WellPoint Optional Managed Care Health Improvement Program. The new contract amount is \$4,024,000.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 10905 with Claims Management Services, Inc. in an estimated funded amount of \$824,000 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 approval of Change No. 3 to Contract No. 10918, Out-of-State Auto Insurance, with Pete Mitchell & Associates, Inc. in the funded amount of \$88,160.

This ratifies the contract for a second term, February 14, 2005 to February 14, 2006, and payment made without prior approval. The insurance coverage allows 51 MLGW vehicles to go out of state and onto interstate-connecting bridges to perform work. The insurance premium for the covered period will remain \$81,750. There will be

an added cost of \$6,590 to extend the coverage from February 14, 2005 to March 14, 2005 due to delay in payment of the premium. The new contract amount is \$217,465.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 3 to Contract No. 10918 with Pete Mitchell & Associates, Inc. in the funded amount of \$88,160 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 approval of Change No. 3 to Contract No. 10965, Dynamic Mosaic Tile Mapboard System, with Mauell Corporation in the funded amount of \$16,500.

The project scope will change to add 33 digital meters, one-inch four-digit single-color BCD displays with cable and six BCD32 controllers in MLGW's current water mapboard. The cost of this installation includes BCD displays on site at MLGW, travel, expenses and on-site time. The new contract amount is \$302,366.

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

THAT, Change No. 3 to Contract No. 10965 with Mauell Corporation in the funded amount of \$16,500 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 approval of Change No. 3 to Contract No. 10979, Network Maintenance, with Venture Technologies in the funded amount of \$20,756.

The project scope has changed to provide Cisco and Venture equipment maintenance and Cisco Certified Network Professional (CCNP) services for four new pieces of equipment through June 30, 2006. The new equipment was purchased to upgrade the network band width from one Gigabit per second to 10 Gigabits per second at the Administration Building, Netters Business Operations Center and System

Operations. This will improve communication performance across the corporate network. The new contract amount is \$812,161.69.

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

THAT, Change No. 3 to Contract No. 10979 with Venture Technologies in the funded amount of \$20,756 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 award of contract for 1590 KCMIL wire which is used by Distribution Support crews to install and/or maintain electric, gas and water systems.

Bids were opened on August 19, 2005. The lowest and best complying bidder of three bidders was Stuart C. Irby, Inc. in the amount of \$41,280.

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

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

32,250 – Lbs. 1590 KCMIL wire

totaling \$41,280, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 10 weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners ratification of purchase orders issued on an emergency basis for voltage and current transformers to provide revenue metering for Premcor Refinery. These emergency purchases were necessary due to a catastrophic failure on August 12, 2005 causing damage to in-service voltage/current transformers, and for replacement of other in-service voltage/current transformers which may be subject to failure.

These emergency purchase orders were issued to Trench Limited and Ritz Instrument Transformers, Inc.

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

THAT, Ratification of emergency purchase order issued to Trench Limited, to be ratified by the Council of the City of Memphis, is approved for furnishing:

3 – 161 kv voltage transformers in complete accordance with MLGW specification “A” dated August 15, 2005, at \$11,950 each

9 – 161 kv current transformers, high-accuracy, extended-range, in complete accordance with MLGW specification “B” dated August 15, 2005, at \$8,450 each

totaling \$111,900, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 14-15 weeks; and further,

THAT, Ratification of emergency purchase order issued to Ritz Instrument Transformers, Inc., to be ratified by the Council of the City of Memphis, is approved for furnishing:

6 – 161 kv voltage transformers, in complete accordance with MLGW specification “A” dated August 15, 2005, at \$6,995 each

totaling \$41,970, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 22 weeks.

The total of both purchase orders amounts to \$153,870.

11. The Vice President, Construction and Maintenance presented for approval of the Board W. R. No. C2H43008 in the amount of \$99,718, to purchase transportation equipment for an additional Gas Distribution crew to perform joint trench underground construction in subdivisions.

Funds will be taken from W. R. No. C2H12929 – Transportation Equipment – Account No. 21183920.

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

THAT, W. R. No. C2H43008 in the amount of \$99,718 as outlined in the foregoing preamble is approved.

12. The Manager, Electric Engineering presented for consideration of the Board a Contract of Sale for the purchase of property from The Malcolm W. Riddick Revocable Trust, Malcolm W. Riddick, Trustee, for various Electric Division functions, said property being shown on the attached sketch and more particularly described as follows:

Being the same property conveyed to M.W. Riddick Revocable Trust, Malcolm W. Riddick, Trustee, by deeds of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Nos. AC-3798 and 02078948, said property being shown on the attached sketch and described as follows (see Minute File No. 1273):

Beginning at a point in the east line of Brunswick Road (50' R.O.W.), said point being in the south line of said property recorded in Instrument No. 02078948 and the north line of the E.H. Hampton, Jr., Marianna Hampton Jameson and James Roy Hampton property recorded in Instrument No. CF-9410, Parcel I and being located in an existing ditch; thence northeastwardly along the east line of said Brunswick Road the following calls: north 28 degrees 23 minutes 36 seconds east, 26.13 feet to a point in said existing ditch; north 27 degrees 04 minutes 29 seconds east, 73.69 feet to a set 1/2" rebar with plastic cap; north 29 degrees 01 minutes 45 seconds east, 102.37 feet to a set 1/2" rebar with plastic cap; north 31 degrees 43 minutes 07 seconds east, 103.72 feet to a set 1/2" rebar with plastic cap; north 37 degrees 09 minutes 53 seconds east, 101.14 feet to a set 1/2" rebar with plastic cap; north 40 degrees 56 minutes 16 seconds east, 127.17 feet to a set 1/2" rebar with plastic cap; north 61 degrees 14 minutes 27 seconds east, 31.95 feet to a set 1/2" rebar with plastic cap in the south line of Millington-Arlington Road (R.O.W. Varies); thence southeastwardly along the south line of said Millington-Arlington Road the following calls: southeastwardly along a curve to the left having a radius of 2934.79 feet, delta angle of 05 degrees 21 minutes 36 seconds, chord bearing of south 53 degrees 49 minutes 36 seconds east, chord distance of 274.45 feet and a curve distance of 274.55 feet to a set 1/2" rebar with plastic cap; south 63 degrees 02 minutes 59 seconds east, 47.17 feet to a set 1/2" rebar with plastic cap; southeastwardly along a curve to the left having a radius of 2929.79 feet, delta angle of 17 degrees 18 minutes 00 seconds, chord bearing of south 66 degrees 04 minutes 24 seconds east, chord distance of 881.27 feet and a curve distance of 884.63 feet to a set 1/2" rebar with plastic cap; south 15 degrees 16 minutes 36 seconds west, 9.30 feet to a set 1/2" rebar with plastic cap in the south line of said property recorded in Instrument No. 02078948 and the north line of said property recorded in Instrument No. CF-9410, Parcel I; thence north 86 degrees 14 minutes 13 seconds west along the south line of said property recorded in Instrument No. 02078948 and the north line of said property recorded in Instrument No. CF-9410, Parcel I, 1392.30 feet to the POINT OF BEGINNING and containing 301,729 square feet or 6.927 acres of land.

Property located on the southeast corner of Brunswick Road and Millington-Arlington Road.

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

THAT, The Board of Light, Gas and Water Commissioners recommends to the Council of the City of Memphis, the purchase of property described in the above preamble from The Malcolm W. Riddick Revocable Trust, Malcolm W. Riddick, Trustee, for and in consideration of \$75,000 to be funded from the Electric Division included in the 2005 Budget; and further,

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

13. The Manager, Electric Engineering presented for consideration of the Board approval to acquire easement rights for a 225 ft. wide transmission line from Charles S. Ferguson and Laura F. Berryman for a proposed transmission line circuit, said property being shown on the attached sketch and more particularly described as follows:

This easement is across a tract of land conveyed to Charles S. Ferguson and Laura F. Berryman by deed of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument No. JX-7433 and being the same property as shown on the attached plat prepared by Ollar Surveying Company and dated March 29, 2005 and made a part hereof. (See Minute File No. 1273.)

Said easement is described in metes and bounds as prepared by Ollar Surveying Company and 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 Memphis Light, Gas and Water Division to cut down and remove from the above described easement all trees and to trim all limbs overhanging into said easement. Any fencing within said easement must be approved by Memphis Light, Gas and Water Division. Grantor of this easement further agrees to allow Memphis Light, Gas and Water Division to remove any fences that would interfere with the operation of construction equipment within said easement. In the event fences are removed, the Memphis Light, Gas and Water Division 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. Memphis Light, Gas and Water Division 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 southside of Millington-Arlington Road opposite Rosemark Road.

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

THAT, Purchase of the easement described in the above preamble for the sum of \$15,575.00 to be funded from the Electric Division included in the 2005 Budget is approved; and further,

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

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

PORTION of 5 ft. wide utility easement as recorded under Instrument No. JA-5809 in the Register's Office of Shelby County, Tennessee along the east line of Lot 42, as recorded in Plat Book 181, Page 66 in the Register's Office of Shelby County, Tennessee, less and except the rear 5' and the front 12', to BMB & Associates, LLC, or their successors in title, for the sum of \$1.00.

Property is located on the northerly side of Poplar Avenue, opposite Ashmont Drive (Project No. 872.)

It was moved by Commissioner Clark, seconded by Vice Chairman Evans 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.

15. The Vice President, Engineering presented for approval of the Board W.R. No. C1H45982, to transfer capital funds in the amount of \$120,000 for the installation of IPDA's at the community offices of Lamar, Whitehaven and Millington.

Funds will be taken from three 2005 budgeted projects in the amount of \$40,000 each: (1) Item No. 22-30 – Lamar; (2) Item 22-31 – Whitehaven; and (3) Item 22-32 – Downtown. W. R. Nos. C1G96242 and C1G96247 previously assigned to Item 22-30 and Item 22-31 will be closed to fund W. R. No. C1H45982 – Communication Equipment – Account No. 11013970.

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

THAT, W. R. No. C1H45982 in the amount of \$120,000 as outlined in the foregoing preamble is approved.

16. Ms. Louise Hearn, 277 Honduras Road, addressed the Board regarding utility bills of senior citizens.

17. Mr. George Young, 4622 Percy Road, addressed the Board regarding utility bills of senior citizens.

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

SEE MINUTE FILE NO. 1273.

Secretary-Treasurer