

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
October 19, 2006

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A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at Memphis Light, Gas & Water Division, 220 S. Main, Thursday, October 19, 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; 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. William L. Taylor, Commissioner, was not in attendance.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held October 5, 2006, 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 October 3, 2006, Item Nos. 13 through 26, approving items approved by the MLGW Board at its meeting held September 21, 2006 (See Minute File No. 1285); Item No. 28, approving item approved by the MLGW Board at its meeting held September 7, 2006 (See Minute File No. 1285); and Item No. 29, approving item approved by the MLGW Board at its meeting held July 6, 2006 (See Minute File No. 1283).

1. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award Contract No. 11143, Window Tinting at Netters Business Center in the funded amount of \$ 39,535.

The project scope is to provide and install safety and security window film to exterior windows of the Netters Business Center located at 1655 Whitten Road, Memphis, Tennessee 38134.

Proposals were received on August 16, 2006 for window tinting at Netters Business Center, Contract No. 11143, with the lowest and best bid of four being Commercial Window Shield.

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 Contract No. 11143 to Commercial Window Shield in the funded amount of \$39,535, 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. 11149, Blanket Contract for Geotechnical Investigation to Hall Blake & Associates, Inc., in the funded amount of \$33,345.

The project scope is to perform geotechnical investigations at various locations throughout Memphis and Shelby County Tennessee. The reports will be utilized by the Engineering Department to determine design and installation requirements needed for various ground conditions.

Proposals were opened on September 08, 2006 for Contract No. 11149, Blanket Contract for Geotechnical Investigation with the best proposal of two proposals being Hall Blake & Associates, Inc.

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 Contract No. 11149 to Hall Blake & Associates, Inc., in the funded amount of \$33,345, 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. 11164, Assessment of PCB

Contamination to Center for Toxicology and Environmental Health, LLC, in the funded amount of \$200,000.

The project scope is to provide professional environmental testing and consulting services on an as needed basis to assess the potential of PCB contamination resulting from confirmed releases of PCB throughout Memphis and Shelby County, Tennessee. This work is required to comply with Environmental Protection Agency mandate for Toxic Substances Control.

Proposals were received and opened on September 08, 2006 for Contract No. 11164, Assessment of PCB Contamination, with the best proposal of six proposals being Center for Toxicology and Environmental Health, LLC.

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 Contract No. 11164 to Center for Toxicology and Environmental Health, LLC, in the 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 contract.

4. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11179, Business Objects Software License and Related Service Agreement with Business Objects Americas, Inc., in the funded amount of \$27,543.92.

The project scope is to purchase maintenance and support for seven Business Objects software products for the period November 4, 2006 to November 3, 2007. The products are needed to support MLGW's Data Warehouse system on a daily basis. Data Warehouse is used by MLGW employees across the company to provide them with reporting against historical and current data. It is further requested that continuous annual maintenance and support be purchased for all products provided the cost does not exceed 10% over the prior year's cost.

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 Contract No. 11179 to Business Objects Americas, Inc., in the funded amount of \$27,543.92, 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 the rejection of bids received up to 4:00 p.m. on Tuesday, August 1, 2006, and publicly opened and read on Wednesday, August 2, 2006 at 2:00 p.m. for Contract No. 11128, Allen Water Production Wells 115A & 123A/Morton Water Production Well 633.

The bids are being rejected by MLGW due to breach in the bid submission process. The staff will rebid this project at a later date.

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

THAT, All bids for Contract No. 11128 Allen Water Production Wells 115A & 123A/Morton Water Production Well 633 be, and are hereby rejected.

6. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, Change No. 3 to Contract No. 10976, Line Clearance with Bean & Prince Contractors, Inc., to renew the contract for a second of four renewal terms covering the period December 24, 2006 to December 23, 2007, in an estimated funded amount of \$1,518,611.71 which is based on unit volume of work.

The project scope has changed to renew the contract for a second of four renewal terms covering the period December 24, 2006 to December 23, 2007 to allow Bean & Prince Contractors to continue to perform line clearance services. This renewal includes an approximate 2.5% rate increase of all units. The new contract value is \$4,456,166.98.

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. 3 to Contract No. 10976 with Bean & Prince Contractors, Inc., in an estimated funded amount of \$1,518,611.71, 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. 11009, MLGW

Utility Payment Centers with CheckFree Corporation, formerly American Payment Systems, Inc., to renew the contract for a first of four renewal terms covering the period October 3, 2006 to October 2, 2007, with no increase in the funded amount.

The project scope has changed to renew the contract for a first of four renewal terms covering the period October 3, 2006 to October 2, 2007 to allow CheckFree Pay to continue to provide authorized pay agent locations where customers can pay their MLGW utility payments in person and provide a name change due to CheckFree acquiring American Payment System. All terms and conditions remain the same. The existing contract value is \$300,000.

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

THAT, Change No. 1 to Contract No. 11009, with CheckFree Corporation be approved, as outlined in the foregoing preamble; and further,

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

8. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, Change No. 1 to Contract No. 11075, Community Office Pay Stations with TIO Networks Corporation to change the scope to provide additional software development for Spanish and English voice prompts in the funded amount of \$4,320.

The project scope has changed to provide additional software development for Spanish and English voice prompts for six newly installed pay stations. The pay stations were installed to provide bill payment terminals to process customer utility bill payments at various MLGW Community Offices located throughout Memphis and Shelby County, Tennessee. The new contract value is \$135,890.

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

THAT, Change No. 1 to Contract No. 11075, with TIO Networks Corporation be approved, as outlined in the foregoing preamble; and further,

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

9. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, Change No. 1 to Contract No. 11106, Shoring for

Transformer Vault Installation with Chris-Hill Construction Company to provide additional excavation and bedding for the funded amount of \$5,475.

The project scope has changed to allow Chris-Hill to provide additional excavation and bedding to complete the shoring for transformer vault installation. The original work was to be performed by MLGW crews but contracted to Chris-Hill due to liability issues and cost. The new contract amount is \$69,935.

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

THAT, Change No. 1 to Contract No. 11106 with Chris-Hill Construction Company in the funded amount of \$5,475, 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, Change No. 1 to Contract No. 11131, Transmission Line Construction Sub 79 - Sub 86 with Dillard Smith Construction Company to cover the cost of delays caused by material shortages during tower foundation installation for the funded amount of \$2,800.

The project scope has changed to allow Dillard Smith Construction Company to cover the cost of delays caused by material shortages during tower foundation installation. Dillard Smith Construction Company had to stop (demobilize) and restart (mobilize) the project when steel rebar used in tower foundation installation ran short. The new contract amount is \$2,301,001.79.

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

THAT, Change No. 1 to Contract No. 11131 with Dillard Smith Construction Company in the funded amount of \$2,800, as outlined in the foregoing preamble, is approved; and further,

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

11. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of radio-based supervisory control and data acquisition system.

Bids were opened on August 16, 2006. Only one bid was received from Bristol Inc. in the amount of \$134,445.

It is requested that staff be allowed to purchase like equipment for Sheahan Pumping Station in 2007 and Allen Pumping Station in 2008 as approved in MLGW's budgets for those years as long as the cost does not exceed 20% of the prior year's cost.

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 contract with Bristol, Inc. is approved for furnishing: One (1) lot of twenty-four (24) remote site equipment at \$97,282; one (1) lot of central site equipment at \$24,524; and one (1) lot of software configuration at \$12,639 to be furnished in accordance with MLGW Specification dated March, 2006. This equipment will be utilized to continue the conversion of MLGW's well field communication system as part of a strategic plan to standardize all water treatment plant data acquisition systems.

Purchase of like equipment for years 2007 and 2008, as approved for each subsequent year, provided the cost does not exceed 20% of the prior year's cost.

Totaling \$134,445; f.o.b. Memphis, TN, transportation prepaid; said price being firm; delivery in 120 days after receipt of order.

12. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of a rotex punch press used to punch holes in metal and steel.

Bids were opened on September 13, 2006. Although bids were solicited from five bidders, the only bid received was from the firm of Rotex Punch Company, Inc. in the amount of \$56,205.

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 contract with Rotex Punch Company, Inc. is approved for furnishing:

1 – Model #525-088 rotex punch press in accordance with MLGW specifications or MLGW approved equal at \$56,205 each,

totaling \$56,205; f.o.b. Memphis, TN, our dock, transportation prepaid; said price being firm; delivery in 16-18 weeks.

13. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it ratify the award of emergency purchase

order number 128963 for the repair of two three-phase power transformers. The emergency purchase was necessary due to a catastrophic failure of two three-phase 23 kV – 12 kV transformer banks at Southgate Substation 1 in August 2006 and the need to reinstall and have these transformers back in service before summer load of 2007.

Bids were received on September 13, 2006 for the repair of three-phase power transformers with the lowest and best complying bidder of five bidders being the firm of VCTU Corporation, a subsidiary of Virginia Transformer Corporation. The approximate total for all repairs is \$295,628.

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

THAT, Award of emergency purchase order number 128963, as outlined below, is ratified and will be sent to the Council of the City of Memphis for ratification; and further,

VCTU Corporation will receive, disassemble, inspect, repair, and test two 23000y/13280-12470y/7200-7200 volt, 15000/20000/25000/28000 KVA three-phase NLTC power transformers, Ferranti-Packard serial numbers 1747210101 and 1747210102, in accordance with attached MLGW specification dated 8-14-06, at approximately \$147,814 each,

totaling \$295,628; f.o.b. Memphis, TN, transportation prepaid; said prices being approximate; delivery by May 1, 2007.

14. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of a 36-month contract for flame-resistant clothing. The clothing is used for protection of MLGW employees from accidental arc-flash while working on energized high voltage conductors or apparatus. The clothing meets OSHA/NFPA requirements. Order quantities are based upon previous and projected usage records during the next 36 months. During the length of this contract, quantities will be driven based on actual need for flame-resistant clothing.

Bids were opened on September 20, 2006. Although bids were solicited from 12 bidders, only one bid was received. The lowest and best complying bidder was the firm of Tyndale Company. The approximate total for all items is \$288,965.85.

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 contract to Tyndale Company is approved for furnishing:



Blanket contract for a 36-month period for furnishing flame-resistant clothing to be furnished in full accordance with MLGW specifications; and further,

the total award for 36-months amounts to approximately \$288,965.85; f.o.b. Memphis, TN, our dock, transportation prepaid; said prices being firm for the 36-month period as applicable; terms are Net 30 days; delivery as required.

15. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of directional boring systems which are used by distribution crews to cable, pipe and conduit to maintain electric, gas and water systems. This equipment replaces existing equipment that will be retired.

Bids were opened on September 13, 2006. The lowest and best complying bidders of three bidders were the firms of Tiger Equipment, Inc. on one item, three units and Vermeer Mid-South, Inc. on one item, one unit, totaling the amount of \$706,632.

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 contract with Tiger Equipment, Inc. is approved for furnishing:

3 – latest model diesel powered, self-contained, portable, directional boring system, all in accordance with Division Specification No. TLDB-06-0502A, at \$199,750 each,

totaling \$599,250; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; with delivery within 12 days; and further,

Vermeer Mid-South, Inc. be, and is hereby, awarded contract for furnishing the Division with:

1 – latest model diesel powered, self-contained, portable, directional boring system, all in accordance with Division Specification No. TSDB-06-0502B,

totaling \$107,382; f.o.b. Memphis, TN, transportation prepaid, said prices being firm; with delivery within 30 days;

The total of all awards amounts to \$706,632.

16. The General Counsel submitted to the Board the September 30, 2006 Quarterly Report of the Customer Advocate Committee. It is recommended that the Board approve and uphold the decisions reflected in the September 30, 2006 Quarterly Report of the Customer Advocate Committee.

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

THAT, The attached September 30, 2006 Quarterly Report (See Minute File No. 1286) of the Customer Advocate Committee is approved and will be upheld by the Board.

17. The Manager of the Budget, Plant and Rates Department presented the 2007 budgets of the Electric, Gas and Water Divisions for 2007 operation and maintenance expenses and the 2007 capital expenditures to the Board of Light, Gas and Water Commissioners for adoption. No rate changes are proposed in 2007 for Electric, Gas or Water.

Basic Bond Resolutions adopted by the City of Memphis for the Water Division July 15, 1958 and for the Electric Division October 14, 1976 require the Electric and Water Divisions to prepare and file in the office of the Trustee a Budget of operating expenses and capital improvements for the succeeding fiscal year. Such annual budgets will include only the applicable revenues, expenses and capital improvements for each system. These budgets have been filed with Regions Bank which currently serves as Trustee under the aforementioned Board resolutions. These budgets have been reviewed by the Budget Review Committee, the applicable management staff, and the Board.

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

THAT, The Budgets for the Electric, Gas and Water Divisions for the 2007 operation and maintenance expenses and the 2007 capital expenditures, as presented by the Manager of Budget, Plant and Rates, subject to the consent and approval of the Council of the City of Memphis, be adopted and be in effect for the fiscal year 2007.

18. Bill Hawkins, Assistant Business Manager, IBEW Local 1288, 4000 Clearpool Circle, appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1286.