

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
November 2, 2006

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at Memphis Light, Gas & Water Division, Joyce M. Blackmon Training Center, 4949 Raleigh LaGrange Road, Thursday, November 2, 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 19, 2006, 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 October 17, 2006, Item Nos. 12 and 13, approving items approved by the MLGW Board at its meeting held October 5, 2006 (See Minute File No. 1286); Item No. 17, approving item approved by the MLGW Board at its meeting held July 20, 2006 (See Minute File No. 1283); and Item No. 42, approving item approved by the MLGW Board at its meeting held April 20, 2006 (See Minute File No. 1280).

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, an Expedited Procurement Request for Change No. 4 to Contract No. 10797, Southeast Janitorial Services, with Facilities Maintenance Experts, Inc., to change the scope to extend the contract not to exceed 60 days beginning November 1, 2006 without any additional cost.

The project scope is changed to extend the contract not to exceed 60 days beginning November 1, 2006. This extension is necessary to allow the City Council to approve the new Contract effective November 7, 2006. The current Contract will remain in the amount of \$198,276.22.

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

THAT, Change No. 4 to Contract No. 10797 with Facilities Maintenance Experts, Inc. without any additional cost, as outlined in the foregoing preamble, is approved; and further,

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

2. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, an Expedited Procurement Request Change No. 4 to Contract No. 10798, Northeast Janitorial Services, with Facilities Maintenance Experts, Inc., to change the scope to extend the contract not to exceed 60 days beginning November 1, 2006 without any additional cost.

The project scope is changed to extend the contract not to exceed 60 days beginning November 1, 2006. This extension is necessary to allow the City Council to approve the new Contract effective November 7, 2006. The current Contract will remain in the amount of \$431,279.98.

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

THAT, Change No. 4 to Contract No. 10798 with Facilities Maintenance Experts, Inc. without any additional cost, 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, Change No. 2 to Contract No. 10813, Hewlett-Packard Combined Support Agreement with Hewlett-Packard, Inc., to change the scope to purchase a new five-year discounted support agreement in the funded amount of \$1,857,875.91.

The project scope has changed to allow Hewlett-Packard, Inc., to provide support for nineteen (19) servers, two (2) disk storage arrays, and one (1) tape storage

array and the operating environment software currently covered under Contract No. 10813, and for products that will be added for support in 2008 and 2009 upon warranty expiration. Hewlett-Packard is offering a five year discounted support agreement for the period December 12, 2006 to November 30, 2011. The computing equipment covered by this agreement is used by MLGW to support critical business application systems, including the Customer Information System (CIS), the Advantex Mobile Dispatch System, and the new Oracle eBusiness Suite (HR/Payroll application modules). The new contract value is \$3,912,617.77.

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. 2 to Contract No. 10813, with Hewlett-Packard, Inc., in the funded amount of \$1,857,875.91 be approved as outlined in the foregoing preamble; 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, Change No. 2 to Contract No. 10907, Data Feed Analysis with CQG, Inc., to renew the contract for a fourth year covering the period January 1, 2007 to December 31, 2007 in the funded amount of \$21,360.

The project scope has changed to renew the contract for a fourth term covering the period January 1, 2007 to December 31, 2007 to allow MLGW's Energy Resource department to assess CQG Gas Market Data to determine natural gas futures. It is further requested that the staff be allowed to continue to pay the annual exchange fees provided the cost does not exceed 10% over the prior year's cost. The present yearly fee is \$21,360. The new contract value is \$129,120.

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

THAT, Change No. 2 to Contract No. 10907, with CQG, Inc., in the funded amount of \$21,360, be approved as outlined in the foregoing preamble; and further,

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

5. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, Change No. 2 to Contract No. 10941, Software

License Agreement with FirstLogic Inc., to assign the contract to Business Objects Americas with no increase in the funded amount.

The project scope is to assign Contract No. 10941 to Business Objects Americas to continue to provide software services for various purchased products. Business Objects completed the acquisition of FirstLogic on April 3, 2006 and all terms and conditions of the contract will remain valid.

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

THAT, Change No. 2 to Contract No. 10941 with Business Objects Americas 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 that it award the purchase of miscellaneous electro fusion fittings caps, elbows, tees and reducers. These electro fusion fittings will increase construction crew efficiency when compared to butt fusion fittings, which incorporate electro fusion components into a molded fitting design.

Bids were received on August 7, 2006. The lowest and best complying bidder of two bidders was the firm of M.T. Deason in the amount of \$45,226.50.

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 M.T. Deason is approved for furnishing:

Miscellaneous electro fusion fittings caps, elbows, tees and reducers

totaling \$45,226.50; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery in 3 weeks.

7. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of miscellaneous steel pipe and fittings which will be used to build a new regulator station at the intersection of Brooks and Lakeview Road. The regulator station will reduce natural gas pressure from the 14" XXHP system (400-900 PSIG) to 12" XHP system (100-399 PSIG). The new

station will also boost natural gas pressure in the existing 10"/12" XHP gas line which runs to Millington-Arlington Road.

Bids were opened on September 13, 2006. The lowest and best complying bidders of four bidders were the firms of Consolidated Pipe & Supply for five (5) items, Redman Pipe & Supply for thirty (30) items. The approximate total for all items is \$73,899.69.

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, contracts as follows are approved furnishing:

Consolidated Pipe & Supply will supply items 2, 9, 10, 22 and 31 totaling approximately \$62,498.20.

Red Man Pipe & Supply will supply items 1, 3-8, 11-21, 23-30 and 32-35 totaling approximately \$11,401.49.

Totaling approximately \$73,899.69; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm.

8. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of a complete emergency response audio visual system to be installed at MLGW's Netters Business Center. This system will be used to allow MLGW to more effectively address a catastrophic three service outage enabling the Division to provide timely access to information for decision making and emergency response.

Bids were opened on October 11, 2006. The lowest and best complying bidder of two bidders was the firm of Nolan's Audio Visual Inc. in the amount of \$49,293.05.

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 Nolan's Audio Visual Inc. is approved for furnishing:

a complete emergency response audio visual system to be furnished and installed at MLGW's Netters Business Center and in accordance with MLGW Specifications dated September 8, 2006, at \$49,293.05.

totaling \$49,293.05; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery as required.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award thirty-six (36) month contract for customer utility bill paper. This paper will be used to charge rate payers for electric, gas and water usage on a monthly basis. Order quantity of 7,200,000 sheets per year of page one and 1,080,000 sheets per year of page two is based upon previous usage records. During the length of this contract, quantities will be driven based on customer base fluctuation and industry standard of overages of printed material.

Bids were opened on September 27, 2006. The lowest and best complying bidder of three bidders was the firm of Workflowone in the amount of approximately \$320,463.

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 Workflowone is approved for furnishing:

21,600,000 - sheets (approximately), 8-1/2" x 11" 24 lb. white premium printed and perforated, watermarked utility bill paper known as page 1 to be furnished in full accordance with MLGW Specifications dated May, 17, 2006, at \$11.74 per thousand sheets,

3,240,000 - sheets (approximately), 8-1/2" x 11" 24 lb. white premium, plain, MLGW logo watermarked utility bill paper known as page 2 to be furnished in full accordance with MLGW Specifications dated May, 17, 2006, at \$11.65 per thousand sheets,

totaling \$320,463.00 approximately; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm for one year with possible increase or decrease in the second year in accordance with increases or decreases from the paper mills; delivery as required.

10. The Vice President, Customer Operations, presented for consideration of the Board, a proposal from the Gas Technology Institute (GTI) in the amount of \$50,000 to cover FY2007 annual sustaining membership dues.

Funds in the amount of \$50,000 are included in the 2006 budget.

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

THAT, The proposal from the Gas Technology Institute (GTI), as outlined in the foregoing preamble, is approved; and further,

THAT, The Secretary-Treasurer is authorized to issue a check in the amount of \$50,000 payable to the Gas Technology Institute (GTI).

11. The President and CEO submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1287):

Position No. 00271, Procurement Specialist
Position No. 03002, Planner/Coordinator
Position No. 04341, Drafter I
Position No. 05450, Drafter II
Position No. 05788, Customer Service Technician I
Position No. 05811, Utility Worker I
Position No. 06047, Water Distribution Engineer IV
Position No. 06121, Interim Director of Corporate Communications
Position No. 06122, Interim Manager, Procurement and Contracts

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

THAT, Position numbers 00271, 03002, 04341, 05450, 05788, 05811, 06047, 06121 and 06122, as listed in the foregoing preamble, are approved.

12. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, Change No. 2 to Contract No. 11102, Reroof Six MLGW Buildings at Various Locations with Treadwell-Chambers, Inc., to change the scope to allow the contractor to install a DynaGlas cap sheet utilizing hot asphalt over the western portion of the roof at the Electric and System Operations building with no increase in the funded amount.

The project scope has changed to allow Treadwell-Chambers, to install a DynaGlas cap sheet utilizing hot asphalt over the western portion of the roof at the Electric and System Operations building with no increase in the funded amount. The change is a result of constant leaks at that portion of the building due to overlapping process. All terms, conditions and warranties will remain the same. The contract value will remain at \$409,352.

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

THAT, Change No. 2 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.

13. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners, an Expedited Procurement Request for Change No. 1 to Contract No. 11168, Medical Services, with Nursefinders, Inc., to change the

scope to extend the contract not to exceed February 28, 2007 with an increase in an estimated funded amount of \$51,128.

The project scope is changed to extend the contract not to exceed February 28, 2007. This extension is necessary to extend the current Nurse and Medical Assistant positions through February 28, 2007. The current contract will increase from \$24,999 to \$76,127.

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. 1 to Contract No. 11168 with Nursefinders, Inc. in an estimated funded amount of \$51,128, as outlined in the foregoing preamble, is approved; and further,

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

14. The Vice President of Human Resources recommends to the Board of Light, Gas and Water Commissioners, that the President and CEO be given the authority to sign a contract between United Healthcare and Memphis Light, Gas and Water for medical insurance coverage, benefits and incentives in accordance with the agreed upon rates. Memphis Light, Gas and Water (MLGW) through its Department of Human Resources is negotiating with United Healthcare to provide medical insurance coverage, benefits and incentives to MLGW employees, retirees and their eligible dependents. United Healthcare has agreed to include, but not limited to the following provisions to establish as essential building blocks for the PPO Medical Provider Contract between MLGW and United Healthcare in partnership with Health Choice:

- * Three year contract
- * No change to the MLGW plan
- * Guarantee of \$6.7 million in savings based upon agreed upon rates. (The 2005 experience is the basis for the savings calculations.)
- * Guarantee of the Health Choice preferred rates for MLGW
- * Liberty to audit rates whenever MLGW determines the need
- * Professional claims management:
 - Pay claims within 2 weeks
 - On site Customer Services Representative
 - Responsible utilization review
 - Periodic reports/check registers
- * Upfront disclosure of all commissions and fees by United Healthcare and Health Choice

If these and other conditions are met to the satisfaction of the Department of Human Resources, the President and CEO of MLGW may sign an agreement with United Healthcare for medical insurance coverage, benefits and incentives for MLGW employees, retirees and their eligible dependents.

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

THAT, The President and CEO be given the authority to sign a contract between United Healthcare and MLGW, as outlined in the foregoing preamble, is approved; and further,

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

15. Armstead Ward, Vice President, Human Resources, read into the record a resolution dedicating the MLGW University (See Minute File No. 1287):

WHEREAS, Memphis Light, Gas and Water Division encourages professional development and is committed to providing learning opportunities for all employees and stakeholders, the training and development function has expanded its scope, revised its mission, and has adopted a model that will more closely align programs with the strategic directions of the company; and

WHEREAS, this model ensures that learning opportunities develop core Division competencies and support business units; and

WHEREAS, this model also includes strategies for creating a learning organization that will produce the best-skilled, human capital critical to the continued success of the Division; and

WHEREAS, the future will require new knowledge, skills, abilities, and a workforce committed to continuous learning; and

WHEREAS, the corporate university model will allow the Training and Organizational Development department to reinvent itself, taking learning and development at MLGW to the next level, meeting the challenges and demands of the ever-changing future;

NOW, THEREFORE, BE IT RESOLVED, that Memphis Light, Gas and Water Division recognizes the need for change and supports the new direction of the learning organization and, thereby, officially launches the MLGW University on November 2, 2006.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell, and unanimously approved that the Resolution be adopted.

16. Marvin Winston, 8596 Stablemill Lane, appeared before the Board to discuss various matters.

17. Sandra Kinsey, 7613 Dexter Hills, appeared before the Board to discuss various matters.

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

19. Dick Gardiner, 1734 Gosnold Bluff Road, appeared before the Board to discuss various matters.

20. Garland Scott, CEO for United Healthcare, Mid-South Region, appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1287.

Secretary-Treasurer