

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
November 3, 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, November 3, 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; 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; 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 October 20, 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 October 25, 2005, as follows: Item No. 11, approving Change No. 3 to Contract No. 10918 with Pete Mitchell & Associates, Inc., and Item No. 36, approving purchase of property from Malcolm W. Riddick Revocable Trust, both items approved by the MLGW Board at meeting held September 1, 2005 (see Minute File No. 1273); Item No. 12, approving Change No. 2 to Contract No. 10817 with Express Scripts, Inc. approved by the MLGW Board at meeting held September 15, 2005 (see Minute File No. 1273); and Item Nos. 13 through 17, and 20 through 27, approving items approved by the MLGW Board at meeting held October 6, 2005 (see Minute File No. 1274.)

The Secretary-Treasurer advised the Board that Contract No. 11042 with Heath Consultants, Inc., Contract No. 11062 with A & L Underground, Inc., and the two pension amendments - IRS language and *actuarial funding - approved by the MLGW Board at meeting held October 20, 2005, were not approved by the City Council on November 1, 2005. All items are scheduled to go to City Council Committee on November 15, 2005. (*The actuarial funding was revised and approved by the Board in today's meeting (see Item No. 18) and will be presented to City Council Committee on November 15, 2005.)

Joseph Lee, III, addressed the Board regarding the "Power of Five" campaign.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11061, Wireless Telephone Service, to Cingular Wireless, Inc. in an estimated funded amount of \$168,000.

The project scope is for MLGW to purchase wireless telephone services from Cingular Wireless to be used by MLGW personnel in performing their work. It is further requested that staff be authorized to purchase annual service for the phones provided the fees do not increase more than 10% over the prior year's cost.

Proposals were received on July 15, 2005, with the best proposal out of five proposals being submitted by Cingular Wireless, 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. 11061 to Cingular Wireless, Inc. in an estimated funded amount of \$168,000 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 award of Contract No. 11067, Parking Garage Ventilation Upgrade, to CS3, Inc. in the funded amount of \$65,750.

The project scope is to upgrade the ventilation system in the MLGW Administration Building Parking Garage located at 220 South Main Street.

Bids were opened on September 28, 2005, with the lowest and best bidder of four bidders being CS3, 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. 11067 to CS3, Inc. in the funded amount of \$65,750 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. 11088, Sprint PCS Rooftop Lease Agreement, between MLGW and Sprint PCS, Inc.

Sprint PCS, Inc. wishes to lease space on the MLGW Administration Building for installation of nine antennas. Sprint PCS, Inc. will pay lease fees in the amount of \$120,000 over a five-year period. It is also recommended that annual renewals be allowed.

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

THAT, Contract No. 11088 between MLGW and Sprint PCS, Inc. in the amount of \$120,000 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 approval of Change No. 14 to Contract No. 10077, Ground Water Institute, with the University of Memphis in the funded amount of \$250,000.

The new contract amount is \$3,354,645. This renews the contract for a new term, January 1, 2006 through December 31, 2006, and provides up-to-date ground and well water information and site licenses for GIS software. It is further recommended

that the annual renewal continue provided the current amount does not exceed \$250,000 per year.

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. 14 to Contract No. 10077 with the University of Memphis in the funded amount of \$250,000 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 Expedited Procurement Request for Change No. 5 to Contract No. 10855, Wireless Communication Services, with Cingular Wireless in an estimated funded amount not to exceed \$50,000.

The project scope is changed to extend the contract to January 29, 2006, which is beyond the expiration date of October 31, 2005. This extension will allow staff time to evaluate proposals and implement a new contract. The new contract amount is \$366,078.

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

THAT, Subject to ratification by the Council of the City of Memphis, Change No. 5 to Contract No. 10855 with Cingular Wireless in an estimated funded amount not to exceed \$50,000 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 submitted for consideration of the Board approval to exercise the option to extend the contract for furnishing the Division with electric meter pedestals and sockets for an additional 12-month period.

On December 4, 2003, the Board approved contract for an initial 24-month period with the option to renew based on satisfactory performance of the initial contract period. This award was made to Tennessee Valley Electric Supply Company.

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, Tennessee Valley Electric Supply Company is awarded 12-month contract extension for furnishing the Division with electric meter pedestals and sockets

the total amount of this award is approximately \$369,713.96.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners ratification of expedited Purchase Order No. 126039 issued to Eagle Wholesale Supply, Inc. for furnishing 18 prefabricated water meter vault assemblies to provide water service to individually-metered apartment buildings. Material for this work has been paid for by the customer and this action will prevent them from having to wait several months for delivery of material for which money has already been collected.

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

THAT, Subject to ratification by the Council of the City of Memphis, award of contract to Eagle Wholesale Supply, Inc. is approved for furnishing:

18 – Prefabricated fiberglass water meter vault assemblies at \$4,108 each

totaling \$73,944; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in two to eight weeks.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing 24 Timing Communications Control Plus; four Shelf Assemblies; three Optical Carriers 12; six 60Gbps of non-blocking, high-order Switch Capacity, 5Gbps of low-order Switch Capacity; four Universal Backplane Interface Connectors; and four Shelf Fan Tray Assemblies. The SONET multiplexer expansion and spares will expand the capacity of existing fiber ring SONET multiplexers. The new cards will allow MLGW the ability to increase the fiber ring capacity.

Bids were opened on October 26, 2005, with the lowest and best complying bidder of one bidder being Coleman Technologies, 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 to Coleman Technologies, Inc, is approved for furnishing:

24 – Timing Communications Control Plus, Part No. 15454-TCC2P, at \$1,740 each

4 – Shelf Assemblies, Part No. 1545-SA-HD, at \$1,160 each

3 – Optical Carriers 12, long-range 1310, one circuit, S connector, Part No. 15454-OC12LR1310, at \$2,030 each

6 – 60Gbps of non-blocking, high-order switch capacity; 5Gbps of low-order switch capacity, Part No. 2545-XC-VXC-10G, at \$3,770 each

4 – Universal Backplane Interface Connectors, Part No. 15454-EIA-UBICA-A, at \$870 each

4 – Shelf Fan Tray Assemblies, Part No. 15454-FTA3-T, at \$290 each

totaling \$79,750, f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in one week.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing two deep well submersible vertical turbine pumps to be used as replacements in existing wells which are being refurbished.

Bids were opened on October 12, 2005. Although bids were solicited from four vendors, only one bid was received, that being from Layne Christensen Company.

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 to Layne Christensen Company is approved for furnishing:

2 – Gould deep well submersible vertical turbine pumps, furnished in full accordance with MLGW specifications dated September 9, 2005, at \$19,919 each

totaling \$39,838; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery in 12 weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing computer network upgrade equipment. This equipment will address the growing security risk and bandwidth issues allowing MLGW to strengthen data security as well as upgrade the corporate backbone data transfers to support 10 gigabits per second.

Bids were opened on October 12, 2005, with the lowest and best complying bidder of three bidders being Venture Technologies.

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 to Venture Technologies is approved for furnishing:

Computer network equipment to upgrade MLGW's corporate network in accordance with MLGW specifications dated June 22, 2005

totaling \$731,989; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery within 20 days.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing disk storage hardware to increase the storage capacity of the existing HP EVA5000 disk storage array to accommodate the requirements of the HR/Payroll Legacy Replacement Project, as well as to accommodate the normal expected disk storage growth of CIS and Advantex Mobile Dispatch application.

Bids were opened on October 19, 2005, with the lowest and best complying bidder of three bidders being Carotek, 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 to Carotek, Inc. is approved for furnishing:

HP hardware, software and installation services to be furnished in accordance with MLGW specifications dated September, 2005

totaling \$106,548.90; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery within 10 days.

12. By unanimous consent, Item No. 12, approval of position number 06006 for the position of Vice President, Human Resources, in accordance with salary number S-77184 in the amount of \$147,014.40 annually and selection of Mr. Armstead Ward for said position, was deleted from the agenda.

13. By unanimous consent, Item No. 13, approval of unbudgeted position number 06004 for the position of Controller, in accordance with salary number S-77185 in the amount of \$135,012.80 annually, was deleted from the agenda.

14. By unanimous consent, Item No. 14, approval of Mr. Robert Rogalski for the position of Controller, in accordance with salary number S-77185, was deleted from the agenda.

15. The Vice President, Customer Operations presented for consideration of the Board approval of revision to Contract No. 10195 between Memphis Light, Gas and Water Division (MLGW) and Texas Gas Transmission. The contract includes an amended Discount Agreement and an amended Transportation Agreement. The agreements detail terms and conditions for underground storage service of 268,300 MMBtu per day during winter and 70,077 MMBtu per day during summer.

The contract revision will amend the discount for the three years remaining on the current agreement, reducing MLGW's cost by approximately \$500,000 per year over the remaining three-year term, effective December 1, 2005. It will further extend the contract term at the new discount for an additional five years through October 31, 2013.

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

THAT, The revisions to Contract No. 10195 with Texas Gas Transmission are approved as outlined in the foregoing preamble; and further,

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

16. The Manager, Electric Engineering submitted for consideration of the Board W. R. No. C1H57367 in the amount of \$148,104, to replace failed breaker 3215 at Substation No. 3.

This is an emergency project and was not budgeted. Funding for this project will be obtained from line item (7-30) in the amount of \$117,752, and line item (8-10) in the amount of \$30,352 of the 2005 Capital Budget.

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

THAT, W. R. No. C1H57367 in the amount of \$148,104 is approved as outlined in the foregoing preamble.

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

AN 8-ft.-wide utility easement as recorded in Book 5027, Page 198 in the Register's Office of Shelby County, Tennessee across the Vinings at Germantown Subdivision to Latting Road Partners, LLC., or their successors in title, for the sum of \$1.00. Property is located on the north side of Winchester Road, approximately 1511.9 feet east of the centerline of Forest Hill-Irene Road.

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

THAT, Release of the 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.

18. The Secretary-Treasurer stated that the Pension Board had approved an amendment to the Memphis Light, Gas and Water Division Retirement and Pension System, as amended and restated effective January 1, 2001.

The amendment is to Article III - Section 3.2 – Contributions by the Division (a) Amount.

This is a revision to the resolution approved by the Board at meeting held October 20, 2005.

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, the Memphis Light, Gas and Water Division Retirement and Pension System is hereby amended as follows:

ARTICLE III, Section 3.2 *Contributions by the Division*, subparagraph (a) *Amount*, shall be amended by deleting the current said Section 3.2(a) in its entirety, and substituting in place thereof the following Section 3.2(a):

3.2 Contributions by the Division.

(a) Amount. The Division shall contribute to the Fund such amounts as from time to time are estimated by the Actuary to be sufficient, on an actuarially sound basis, after taking into account Participant Contributions and earnings thereon, to provide Accrued Benefits under the Plan. Such Contributions shall be obligations of the Division, and the Board of Commissioners shall appropriate annually such amounts as are necessary to make such payments. Effective January 1, 2001, and until further determination by the Board of Commissioners with approval by the City Council, the Division's contribution shall be equal to 8% of the total Compensation, as defined under the Plan, of all active Participants. Notwithstanding anything in the foregoing to the contrary, for the 2004 Plan Year, as defined in Section 1.51 hereof, but solely for said 2004 Plan Year, the Division's contribution shall be \$16,396,147, which is an increase of approximately \$5,461,631 over the 8% of total Compensation otherwise required as the Division's contribution hereunder. Notwithstanding anything in the foregoing to the contrary, for the 2005 Plan Year, as defined in Section 1.51. hereof, but solely for said 2005 Plan Year, the Division's contribution shall be \$18,682,788. Division contributions shall be determined and paid to the Fund as soon as practicable following each payroll period.

19. Commissioner Clark advised the Board that he attended a meeting with MLGW retirees the previous week.

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

SEE MINUTE FILE NO. 1275.

Secretary-Treasurer