

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
December 15, 2005

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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, December 15, 2005 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; 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; and Carolyn Turman, Interim Vice President, Human Resources. Commissioners Russell and Clark were not in attendance.

Commissioner Taylor moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held December 1, 2005, and the typed minutes of the Memphis Light, Gas and Water special Board meeting held December 5, 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 December 6, 2005, as follows: Item No. 13, award of Contract No. 11061 to Cingular Wireless, Inc., approved by the MLGW Board at meeting held November 3, 2005 (see Minute File No. 1275); Item Nos. 14 through 22, approving items approved by the MLGW Board at meeting held November 17, 2005 (see Minute File No. 1275); Item No. 35, purchase of easement from Bryan Shelby Farms, L. P., and Item No. 36, amendment to MLGW Retirement and Pension System regarding IRS language, both approved by the MLGW Board at meeting held October 20, 2005 (see Minute File No. 1274.)

The Secretary-Treasurer updated the Board regarding MLGW items that are pending City Council approval.

1. The Manager, Procurement and Contracts presented for approval of the Board of Light, Gas and Water Commissioners expenditure of funds to various Mutual Aid Agreement members in the amount of \$55,955.33.

The following companies provided emergency assistance to MLGW following the August 30, 2005 storm and are due reimbursement for cost in accordance with the pre-existing Mutual Aid Agreements:

Agreement No. C1192 North Little Rock Electric Department	\$31,742.07
TVPPA Mutual Aide Agreement No. 1206 Paducah Power System	\$24,213.26

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, expenditure of funds to North Little Rock Electric Department in the funded amount of \$31,742.07 is approved; and further,

THAT, Payment to Paducah Power System in the funded amount of \$24,213.26 is approved; and further,

THAT, The President or his designated representative is authorized to make the payment.

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11070, Utility Meter Data Application, to Automated Energy, Inc. (AEI) in the funded amount of \$22,250.

The project scope is to allow AEI to set up and maintain a secure Web-Based File Transfer Protocol site to which MLGW can transfer interval meter data on a daily basis. MLGW internal and external customers will utilize the previous day and historic electric and natural gas data for load analysis and energy management. It is further requested that staff be authorized to continue such services on a yearly basis provided the fee does not increase more than 10% over the prior year's cost. The present monthly service charge is \$1,500 for a block of 100 meters.

Proposals were received on September 28, 2005, with the best of two proposals being from Automated Energy, Inc.

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

THAT, Award of Contract No. 11070 to Automated Energy, Inc. in the funded amount of \$22,250 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. 11080, Managed Prescription Drug Program, to Express Scripts, Inc., beginning April 1, 2006 to March 31, 2007, in an estimated funded amount of \$10,640,137, based on plan participants.

The project scope is to provide Managed Prescription Drug Program for MLGW employees and retirees. This program is funded by the MLGW Medical Benefit Fund which receives premium contributions from MLGW and employees. The contribution is split 75%/25% respectively. This less expensive program will start with a net savings of \$204,017 over the current PBM contract price as per the attached pricing comparison analysis (see Minute File No. 1276.) The term of the contract shall be for a period of one year, with the option for four renewals.

Four bids were received on October 13, 2005, with the lowest and best bid being submitted by Express Scripts, Inc.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11080 to Express Scripts, Inc. in an estimated funded amount of \$10,640,137 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. 11099, BellSouth Voice and Data Services, to BellSouth Telecommunications, Inc. in an estimated funded amount of \$1,616,355, over a 36-month period.

The project scope is to combine Contract No. 10992 and 25 other telecommunication services into one regulated service and volume and term agreement with BellSouth. The price reflects a 5% discount annually as a result of this volume and term agreement.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11099 to BellSouth Telecommunications, Inc. in an estimated funded amount of \$1,616,355 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 approval of Expedited Procurement Request for Change No. 1 to Contract No. 10836, MLGW Employee Assistance Program, with Methodist Healthcare, Inc. in an estimated funded amount of \$2,500 per month for a total of \$7,500.

The project scope has changed to extend the current contract beginning January 1, 2006 on a monthly basis for approximately three months until a new contract is approved and to be in compliance with the required DOT regulations. The new contract amount is \$82,500.

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

THAT, Change No. 1 to Contract No. 10836 with Methodist Healthcare, Inc. in an estimated funded amount of \$7,500 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 Expedited Procurement Request for Change No. 1 to Contract No. 11016, Drug and Alcohol Collection Provider, with True Test Collection in an estimated funded amount of \$10,000.

The project scope has changed to allocate additional funds to the current contract to continue with the Federal Government mandated drug testing. The new contract amount is \$30,026.

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

THAT, Change No. 1 to Contract No. 11016 with True Test Collection in an estimated funded amount of \$10,000 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. 11020, Janitorial Services, with Kimco Corporation in the funded amount of \$6,000.

The new contract amount is \$612,924. This change covers the cost to add three additional cleaning personnel. This amount is covered through February 6, 2006.

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

THAT, Change No. 1 to Contract No. 11020 with Kimco Corporation in the funded amount of \$6,000 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 award of contract for ACSR wire which replenishes inventory material for distribution and/or contract crews to install and/or maintain the electric system. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 12 months. During the length of this contract, quantities will be driven based on actual need for ACSR wire. The contract will also allow the Division to have quick access to ACSR wire in emergency situations.

Bids were opened on November 16, 2005, with the lowest and best complying bidder of five bidders being Utilicor. The approximate total is \$790,608.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Utilicor is awarded contract for furnishing the Division with:

12-month blanket contract for providing ACSR wire to be furnished as released by MLGW. If a need for additional items of this material or design changes to existing item is identified during the period of this contract, supplier will be requested to add the new items or make changes to the existing item on the contract at a price agreeable to both MLGW and supplier. A copy of the unit price will be placed on file in General Accounting

the total 12-month award amounts to \$790,608 approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm except for escalation/de-escalation based on the cost of aluminum as per MLGW designated publication; delivery in 8 to 10 weeks.

9. By unanimous consent, Item No. 9, award of contract for capacitor banks, was deleted from the agenda.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for aerator coke to be placed in aerator trays at MLGW pumping stations for treatment of groundwater for public drinking water supply.

Bids were opened on November 30, 2005. Although bids were solicited from six vendors, the only bidder was Guthrie Sales and Service Company in the amount of \$179,344.56 approximately.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Guthrie Sales and Service Company is approved for furnishing the Division with:

15,368 cubic feet approximately – Aerator coke for potable water supply, to be furnished in accordance with MLGW specifications, at \$11.67 per cubic ft.

totaling \$179,344.56 approximately, f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery as required.

11. The President submitted for consideration of the Board authorization for payment of membership dues for 2006 to the American Gas Association in the total

amount of \$60,444, payable in two installments, the first on March 1, 2006 in the amount of \$30,222, and the second on August 1, 2006 in the amount of \$30,222.

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

THAT, The Secretary-Treasurer is authorized to have two checks issued, one in March 2006 in the amount of \$30,222, and one in August 2006 in the amount of \$30,222, each payable to the American Gas Association for membership dues for the year ending December 31, 2006.

12. The Secretary-Treasurer stated that the Pension Board, through its Investment Committee, had approved and was recommending to the Board of Light, Gas and Water Commissioners termination of the investment contract with J. & W. Seligman & Company, and the portfolio totaling approximately \$27,000,000 be liquidated.

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

THAT, The Secretary-Treasurer is authorized to notify J. & W. Seligman & Company of contract termination and the portfolio totaling approximately \$27,000,000 be liquidated.

13. The Vice President, Engineering submitted for consideration of the Board an agreement to provide a grant in the amount of \$96,000 to the Memphis Botanic Garden for the purchase and installation of a 10 kW photovoltaic system on the roof of the new headhouse structure being erected at the facility (see Minute File No. 1276.) In exchange, MLGW will receive access to the headhouse facility for meetings, customer tours, system demonstration and research purposes to educate customers and encourage the use of renewable generation.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, the agreement between MLGW and Memphis Botanic Garden, as outlined in the foregoing preamble, is approved.

14. The President submitted for approval of the Board position numbers 06018, 06019, 06021, 02316, 03240, 04760, 05500 and 01940, as listed on the attached documents. (See Minute File No. 1276.)

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

THAT, Position numbers 06018, 06019, 06021, 02316, 03240, 04760, 05500 and 01940, as listed on the attached documents, are approved.

15. WHEREAS, appropriate departments of the Engineering Division and the Vice President, Engineering approved release of the following utility easement:

AN 8-ft.-wide electric distribution utility easement recorded under Instrument No. K8-0989 in the Register's Office of Shelby County, Tennessee, across a parcel of land described under Instrument No. 05137014 in the Register's Office of Shelby County, Tennessee, to MLB-UPTOWN, LLC, or its successor in title, for the sum of \$1.00.

Property located on the west side of North Third Street, approximately 96.5 ft. south of the south line of Keel Avenue.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor 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 the appropriate release deed be executed releasing said easement to the current property owner for a consideration of \$1.00.

16. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of extension of contracts with Minolta Corporation and Pitney-Bowes Office Systems/Imagistics for rental of copiers for a period not to exceed 60 days.

The extension is necessary to allow sufficient time to evaluate bids that were opened on November 30, 2005. The contracts currently in place for rental of copiers used throughout the Division expired August 1, 2005. The Board previously approved these contracts for a six-month extension on August 4, 2005. Approximate cost of extension will be \$9,600 per month for a total of \$19,200 approximately.

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

THAT, Extension of contract with Minolta Corporation is approved in the amount of \$10,412 approximately; and further,



THAT, Extension of contract with Pitney-Bowes Office Systems/Imagistics is approved in the amount of \$8,788 approximately.

Total extension amounts to \$19,200 approximately.

17. Mr. William S. "Bill" Crawford, 1716 Forsythe Trail, Collierville, TN, addressed the Board.

18. Mr. William R. "Dick" Gardiner, 1734 Gosnold Bluff Rd., Collierville, TN, addressed the Board.

19. Commissioner Masson read a portion of the Resolution approved by the MLGW Board of Commissioners on December 31, 1986 regarding car allowances, and verified various issues regarding car allowances with John McCullough.

20. Vice Chairman Evans verified with John McCullough that overall compensation will not change as a result of the Board's action.

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

SEE MINUTE FILE NO. 1276.

Secretary-Treasurer