



Board of Light, Gas and Water Commissioners

220 S. Main Street
Memphis, TN 38103
www.mlgw.com

Board Meeting

~ Minutes ~

Thursday, October 10, 2019

9:00 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Vice-Chair Graves

The meeting was called to order at 9:03 a.m.

PLEDGE OF ALLEGIANCE:

Vice-Chair Graves

The Pledge of Allegiance was recited.

SAFETY BRIEFING:

President Young

President Young addressed the audience giving instructions in the event of an emergency during the meeting. He explained that an alarm would sound with instructions given over the loud speaker. He pointed out exits and explained the responsibilities of the Security Officers. He pointed out where the AED devices are located. He asked for everyone's cooperation should an emergency arise.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Michael Pohlman	Board Member	Present	
Steven Wishnia	Board Member	Present	
Carlee McCullough	Chairwoman	Absent	
Mitch Graves	Vice-Chair	Present	
Leon Dickson	Board Member	Present	

The following staff members were present: J. T. Young, President and CEO; Dana Jeanes, SVP, CFO and CAO (Secretary-Treasurer); Cheryl Patterson, VP and General Counsel; Alonzo Weaver, SVP & COO; Lashell Vaughn, VP & CIO; Lesa Walton, Chief Internal Auditing Officer; Jim West, VP, Chief Customer Officer; Nick Newman, VP, Engineering & Operations; Cliff DeBerry, VP Design, Construction & Delivery; Roland McElrath, Controller; and Gale Carson, VP Community and External Affairs. Von Goodloe, VP, Shared Services did not attend the meeting.

Advisory Board Members: Dwain Kicklighter - Present
Kevin Young - Absent

APPROVALS:

Motion To: Approve Minutes of the Meeting of September 25, 2019.

RESULT: ADOPTED [UNANIMOUS]
MOVER: Steven Wishnia, Board Member
SECONDER: Leon Dickson, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:Dana Jeanes

(None to report.)

PRESENTATIONS:

2019 Operation Feed - Liz Williams/Cliff DeBerry/Sharika Hollingsworth

Mid-South Food Bank Representatives: Donald Brown/Marcia Wells

Cliff DeBerry thanked all of the MLGW employees that contributed to the Operation Feed Campaign. He thanked Liz Williams and Sharika Hollingsworth for their role in the success of the campaign. In 2019, MLGW raised 52% of the monies that were given to the food bank during the annual campaign. Marcia Wells spoke and shared how the funds are used and the positive impact it makes on the community. She presented MLGW with a first place award for most dollars raised by a large company.

GENERAL STATEMENTS FROM THE PUBLIC:

Malcolm Williams, 3788 Townsend, is an employee of MLGW and stated he is bringing his discrimination/retaliation complaint before the Board. He stated that since July 2019 he has been trying to contact someone and no one is contacting him back to discuss his issue. President Young asked Mr. Williams to go with Eric Conway to a private area so he can obtain his information and assist him.

PRESIDENT'S BRIEFING:

1. Review of Consent Agenda - J. T. Young

(President's Briefing Continued on Page 108)

The original of the resolutions and documents relating to each item is filed in the vault on the fifth floor of the MLGW Administration Building, 220 South Main. The original documents shall control in the event of any conflict between the description and these minutes and the original documents.

CONSENT AGENDA

(Items 1 through 14)

RESULT: APPROVED [UNANIMOUS] – Delete Item No. 2 from Consent Agenda
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

RESULT: APPROVED [UNANIMOUS] – Item No. 1 and Items 3 through 14
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

CHIEF CUSTOMER OFFICER

(None)

CHIEF INFORMATION OFFICER

(None)

CHIEF PEOPLE OFFICER

1. Resolution awarding Contract No. 12102, Worker's Compensation Stop Loss Consultant to Oliver Wyman, in the funded not-to-exceed amount of \$52,500.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
2. **ITEM NO. 2 DELETED FROM CONSENT AGENDA** - Resolution awarding Contract No. 12103, Worker's Compensation Stop Loss Brokering to Willis of Tennessee, Incorporated, in the funded not-to-exceed amount of \$150,000.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

COMMUNITY & EXTERNAL AFFAIRS

3. Resolution approving the payment of the on-going commitment to local economic and community development in the amount of \$175,000 to the Greater Memphis Chamber. (This payment is for services rendered by the Greater Memphis Chamber for the period September 1, 2018 through August 31, 2019.) (Gale Carson) (REQUIRES CITY COUNCIL APPROVAL)

DESIGN CONSTRUCTION & DELIVERY

4. Resolution awarding a purchase order for substation rock limestone to Vulcan Materials Company, in the estimated amount of \$89,625.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

ENGINEERING & OPERATIONS DIVISION

5. Resolution approving the MLGW Drought Management Plan which details how MLGW would address any situation created by an actual drought or circumstances that simulate a drought scenario. (Nick Newman)

INNOVATION & BUSINESS ANALYTICS

6. Resolution approving Change No. 14 to Contract No. 10765, Private Label Service Agreement with Aclara Technologies, LLC, in the funded amount of \$1,210,262.39. (This change is to extend the current contract an additional three years covering the period January 1, 2020 through December 31, 2022, to continue to provide customer service for MLGW My Account analysis tools via website and employee access.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
7. Resolution approving Change No. 10 to Contract No. 11070, Utility Meter Data Application with Automated Energy, Incorporated (AEI), with no increase in the contract value. (This change is to extend the current contract for an additional one year for the period covering January 1, 2020 through December 31, 2020. The price per unit will remain at \$25.00 per meter per month. The set-up price will also remain at \$75.00 per meter and will be charged for each new meter added to the service.) (Clifton Davis)

PRESIDENT'S DIVISION

(None)

SVP, CFO & CAO, FINANCE DIVISION

8. Resolution requesting approval of the selection of Northern Trust S&P 400 Index Fund, an equity index fund, to manage approximately \$30,000,000 for the benefit of the MLGW OPEB Trust Fund, to secure fee savings. (Dana Jeanes)
9. Resolution requesting approval of the selection of Ryder Court International Select Fund, an international equity fund, to manage approximately \$38,000,000 for the benefit of the MLGW Retirement and Pension Fund, to secure fee savings. (Dana Jeanes)
10. Resolution requesting approval of the selection of Northern Trust Collective S&P 400 Index Fund, an equity index fund, to manage approximately \$107,000,000 for the benefit of the MLGW Retirement and Pension Fund, to secure fee savings. (Dana Jeanes)
11. Resolution requesting approval of the selection of Ryder Court International Select Fund, an international equity fund, to manage approximately \$32,000,000 for the benefit of the MLGW OPEB Trust Fund, to secure fee savings. (Dana Jeanes)

SVP, COO

(None)

SHARED SERVICES

12. Resolution awarding Contract No. 12091, Janitorial Services for the MLGW Administration Building; Downtown Credit Office; North Service Center; MLGW University; Electric and System Operations; Choctaw; Water Laboratory; Sheahan Pumping Station; and the Netters Business Center to SKB Facilities and Maintenance,

in the funded amount of \$429,329.20. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

13. Resolution awarding Contract No. 12107, Elevator Maintenance to United Elevator Services, LLC, in the funded not-to-exceed amount of \$141,000.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
14. Resolution awarding sixty-month blanket purchase orders for distribution transformers to Howard Industries, Inc. in the amount of \$7,759,707.36; Utility Sales Agency, LLC in the amount of \$7,964,329.45; and Universal Scaffold and Equipment, LLC in the amount of \$2,507,159.60. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

VP & GENERAL COUNSEL DIVISION

(None)

Prior to addressing the Regular Agenda items, Vice-Chair Graves stated that Charles Perry would like to address the Board regarding the two items on the Regular Agenda. Vice-Chair Graves expressed his concern that the lowest bidder was not selected and these items were removed from the Agenda at a previous Board Meeting.

Charles Perry had a handout for the Board which included details of each bidder. Mr. Perry explained that the company pays 50% of the premiums and the employees pay 50% on the short and long-term disability policy. MLGW pays the first \$2,000 of the life insurance plan, and thereafter the company pays 40%. Mr. Perry provided additional information during the discussions.

REGULAR AGENDA

(Items 1 and 2)

RESULT:	APPROVED [3 TO 1] – Item No. 1
MOVER:	Steven Wishnia, Board Member
SECONDER:	Michael Pohlman, Board Member
AYES:	Michael Pohlman, Steven Wishnia, Leon Dickson
NAYS:	Mitch Graves
ABSENT:	Carlee McCullough

1. Resolution awarding Contract No. 12038, Group Term, Voluntary Life and Accidental Death and Dismemberment to UNUM Insurance Company, in the estimated funded amount of \$14,940,450.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

RESULT: APPROVED [UNANIMOUS] – Item No. 2
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

2. Resolution awarding Contract No. 12037, Short and Long Term Disability to UNUM Insurance Company, in the estimated funded amount of \$14,393,520.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

PRESIDENT'S BRIEFING (Continued):

2. Cheryl Patterson, explained to the Commissioners that there is a "housekeeping" issue that needs to be finalized today. An updated Resolution was provided to the Board for **Contract No. 11872**, Self-Insured Healthcare with Cigna Healthcare. As she explained, on September 11, 2019, the Board revised a proposed 24-month agreement in exchange for a 12-month agreement instead. The handout from today is a copy of the official document that needs to be approved and placed in the official records. She stated we need a vote to reflect the substitution which includes the term, new funded amount and other details.

Motion to Approve Contract #11872 as Shown on Revised Resolution:

RESULT: APPROVED [UNANIMOUS] – Contract No. 11872
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

Motion to Approve Same Day Minutes for Revised Resolution of Contract No. 11872:

RESULT: APPROVED [UNANIMOUS] – Contract No. 11872
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Michael Pohlman, Steven Wishnia, Mitch Graves, Leon Dickson
ABSENT: Carlee McCullough

3. 2020 Preliminary Budget - J. T. Young

President Young reminded the Board that today is a preliminary presentation and he is not asking for a vote today. He stated he will be bringing the Budget to the Board Meeting of October 23 for a vote. He discussed the MLGW Way Forward, budget

objectives and customer values. Preliminary findings from the Baker Tilly and HDR Engineering studies confirm the need to move forward expeditiously with infrastructure upgrades. The final reports are expected in the near future. Representatives will attend the next Board Meeting.

President Young covered the preliminary high level results which included reduction in staff, phased in over time, with 11 to 13% reduction with savings ranging from \$30,000,000 to \$36,000,000 and smart meter op-outs cost recovery of \$2,500,000. Other high level results included centralizing FMLA processing, leveraging systems and improving supporting processes, inventory level adjustments/reductions and community offices.

President Young reviewed some of the high level results from the Risk Severity Analysis of MLGW's assets performed by HDR Engineering. The analysis confirmed that MLGW's infrastructure needs are valid and the focus is on the correct areas. The analysis scoring was based on the frequency and impact of the potential system component failure. The components that received high risk scores included substation equipment (transformers and circuit breakers); tree trimming cycle; gas regulatory work (cast iron, steel services and casings); and water pumping stations equipment (main pumps, booster pumps, and electrical safety issues).

President Young discussed the deficit of \$40,900,000 and the cuts that were initiated and the downgrade from S&P for the Electric Division from AA to AA- on May 24, 2019. With no rate increase to support the debt service, the capital plan was scaled down to a minimal maintenance capital level of \$101.0 million. He reviewed the 2020 budget summary and discussed other administrative rate actions requested. He reviewed the rate request slide by year noting that the 2020 increase would be effective in the July revenue month of 2020. All other rate increases (2021 through 2024) would go into effect in the month of January.

Nick Newman reviewed the electric system modernization needs, various neighborhood outages and projected improvements in reliability after improvements. Photos were included in the power point presentation showing the poor condition of various equipment in all three divisions. Mr. Newman also discussed priority components and various needs of improvement for all three divisions. He pointed out that gas regulations are constantly changing. The Water Division is currently operating on pumping stations with an average age of 58 years old and the average age of the wells is 34 years old.

Gale Carson addressed the Board and discussed community and customer engagement discussing the number of meetings, social media components, surveys, and various other tools to communicate with the Community to listen to their opinions and ideas. She pointed out that MLGW is making a concerted effort to listen to the citizens and their opinions. One of her power point slides showed a pie chart with results of a town hall meeting survey. 62% of the attendees that were surveyed stated they are willing to pay more per year to improve the reliability of services.

In closing, President Young stated MLGW has worked hard to find ways to add value at reasonable costs. He added that infrastructure upgrades remain a central focus and will require both debt issuance and additional revenue. He believes the five-year plan includes new opportunities to help move the community forward.

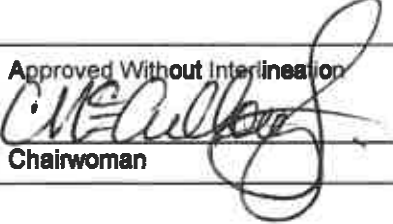
COMMITTEE REPORTS:


(None)

ADJOURNMENT:

Prior to adjournment, President Young reminded everyone of the PSAT meeting and Key Accounts meeting.

The meeting was adjourned at 10:27 a.m.

Approved Without Interlineation

Chairwoman

These Minutes Compiled by Undersigned and
are Correct

Secretary-Treasurer