



Board of Light, Gas and Water Commissioners

2220 S. Main Street
Memphis, TN 38103
www.mlgw.com

Board Meeting

~ Minutes ~

Wednesday, October 23, 2019

8:30 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairwoman McCullough

The meeting was called to order at 8:30 a.m.

PLEDGE OF ALLEGIANCE:

Chairwoman McCullough

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
Carlee McCullough	Chairwoman	Present	
Mitch Graves	Vice-Chair	Present	
Leon Dickson	Board Member	Present	
Mike Pohlman	Board Member	Present	
Steve Wishnia	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; Nick Newman, VP, Engineering & Operations; Cliff DeBerry, VP Design, Construction & Delivery; Von Goodloe, VP, Shared Services; Lashell Vaughn, VP & CIO; Gale Carson, VP Community and External Affairs; Jim West, VP, Chief Customer Officer; Roland McElrath, VP, Accounting; and Lesa Walton, Chief Internal Auditing Officer.

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

APPROVALS:

Motion To: Approve Minutes of the Meeting of October 10, 2019.

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

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:Dana Jeanes

Receipt of Certified Copies of City Council Resolutions dated September 17, 2019, Item 7 and Items 22 through 33 dated October 15, 2019 (See Minute File No. 1441).

PRESENTATIONS:

(None)

GENERAL STATEMENTS FROM THE PUBLIC:

1) James Dolph, 4126 Arrowhead Road, addressed the Board asking them to consider making a change to the HR Policy pertaining to new hire employees taking time off during their probation period. He explained that he was a temporary employee for six months or more and during that time he was not allowed any time off. He was hired as a full-time employee and needed time off due to medical leave. He had the proper documentation from his physician, but was still suspended. He added that proper documentation should allow the time off as approved and mistakes of a few should not affect the majority. He stated he believes the employee's performance in their job needs to also be considered. He would like to continue working at MLGW and hopes the Board will consider making some changes to the policy.

2) Donna Bohannon, 5343 Sea Isla, addressed the Board referencing handouts for each of them. She noted that the Budget item mentioned in regard to charging customers for smart meter opt-out fees is unfair. She noted that many people cannot afford to pay the opt-out fee and stated in the beginning there was not supposed to be one. She added that her life has been about public life, health and safety. One of the handouts was a copy of information from Lloyds of London, who will not cover fires from smart meters or bodily damage. She asked the Board not to pass the item on the agenda.

3) Trudy Stamps, 1801 Whatling Street, discussed smart meters and stated prior to the smart meters there was not much to complain about in regard to MLGW. She discussed fire hazards and the pros of the old analog meters versus smart meters. She brought up surveillance and health concerns. She labeled the opt-out fee as an unjustifiable charge and asked the Board not to pass the item on the agenda.

Vice-Chair Graves asked Jim West for the numbers for smart meter opt-out customers. He explained that there are two categories and the breakdown is that 15,000 customers did opt-out and 13,000 customer that would not allow MLGW to come onto their property. Commissioner Wishnia asked how many fires have been caused by smart meters. Mr. West stated that there have not been any fires caused by smart meters, according to the City of Memphis Fire Dept.

PRESIDENT'S BRIEFING:

1. HR Policy #22-13 - Sick Leave, Short Term Disability, and Long Term Disability (Non-Occupational Injury/Illness) - Eric Conway summarized the language being added to Section 6A adding that employees on probation will receive up to five days unpaid leave with proper documentation. Chairwoman McCullough asked if this would be retroactive. Mr. Conway informed her that there would be a review to determine.
2. HR Policy #23-08 - Use of Vehicles for MLGW Business - Eric Conway summarized the changes being made to the policy and stated department names are also being corrected.
3. Review of Consent Agenda - J. T. Young

(President's Briefing Continued on Page 119)

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 19)

RESULT:	APPROVED [UNANIMOUS] – Items 1 through 15 and Items 17 through 19
MOVER:	Mitch Graves, Vice-Chair
SECONDER:	Leon Dickson, Board Member
AYES:	Pohiman, Wishnia, McCullough, Graves, Dickson

CHIEF CUSTOMER OFFICER

(None)

CHIEF INFORMATION OFFICER

1. Resolution awarding a purchase order to Mythics, Inc., for Oracle Enterprise Linux annual maintenance and support for a thirty-six month period, in the amount of \$153,446.40. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
2. Resolution awarding a purchase order under Contract No. 12140, Domain Name Service Dynamic Host Configuration Protocol (DNS DHCP) System Equipment/Software, to Presidio Networked Solutions, Incorporated, in the funded amount of \$297,354.35. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
3. Resolution awarding Contract No. 12114, Mobile Dispatch Load Balancing Equipment with Remote Installation and Support to Presidio Networked Solutions, LLC, in the funded amount of \$263,411.72. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

4. Resolution approving Change No. 2 to Contract No. 12009, Professional IS (Information Services) Support Services with VACO Memphis, LLC, in the funded amount of \$1,357,796.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
5. Resolution approving Change No. 2 to Contract No. 12007, Professional IS (Information Services) Support Services with Stragistics Technology, Incorporated, in the funded amount of \$1,379,760.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
6. Resolution approving Change No. 2 to Contract No. 12010, Professional IS (Information Services) Support Services with Nextech Solutions, LLC, in the funded amount of \$1,295,040.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
7. Resolution approving Change No. 2 to Contract No. 12008, Professional IS (Information Services) Support Services with CTD Staffing, LLC, in the funded amount of \$1,486,792.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
8. Resolution approving Change No. 2 to Contract No. 12012, Professional IS (Information Services) Support Services with Cook Systems International, Incorporated, in the funded amount of \$1,329,700.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
9. Resolution awarding Change No. 2 to Contract No. 12011, Professional IS (Information Services) Support Services with Conch Technologies, Incorporated, in the funded amount of \$1,486,120.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)
10. Resolution approving Change No. 2 to Contract No. 11951, Professional IS (Information Services) Support Services with Ciber – an HTC Global Company, in the funded amount of \$1,380,870.00. (This change is to renew the current contract for the second of four annual renewal terms for the period covering January 1, 2020 through December 31, 2020, with no increase in rates from the previous year.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

Vice-Chair Graves questioned the outsourcing of items 4 through 10. Commissioner Pohlman clarified the total spend is \$9.7 million for one year. Lashell Vaughn explained that the outsourced professional services are for special projects and gas regulations.

11. Resolution approving Change No. 7 to Contract No. 10478, Electronic Meter Reading System with Itron, Incorporated, in the funded amount of \$80,528.48. (The change is to renew the current contract for annual software and hardware maintenance, license and support services for meter reading equipment covering the period January 1, 2020 through December 31, 2020. MLGW is requesting continuous maintenance of the acquired system, which can only be performed by Itron, Incorporated.) (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

CHIEF PEOPLE OFFICER

12. Resolution approving rejection of proposals received up to 12:00 p.m. on Monday, July 29, 2019, for Contract No. 12098, Flexible Spending Account. (Clifton Davis)

Motion To: APPROVE SAME DAY MINUTES FOR ITEM NO. 13

RESULT:	ADOPTED [UNANIMOUS] – Same Day Minutes for Item 13
MOVER:	Steven Wishnia, Board Member
SECONDER:	Mitch Graves, Vice Chair
AYES:	Pohlman, Wishnia, McCullough, Graves, Dickson

13. Resolution approving revisions to HR Policy #22-13, Sick Leave, Short Term Disability, and Long Term Disability (Non-Occupational Injury/Illness). (J. T. Young/Von Goodloe)
14. Resolution awarding Contract No. 12103, Worker's Compensation Stop Loss Brokering to Willis of Tennessee, Incorporated, in the funded amount of \$631,015.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

COMMUNITY & EXTERNAL AFFAIRS

(None)

DESIGN CONSTRUCTION & DELIVERY

(None)

ENGINEERING & OPERATIONS DIVISION

15. Resolution approving Change No. 1 to Contract No. 12014, MLGW Shaw Pumping Station Generator #1 Switchgear Replacement with Tri-State Armature and Electrical Works, Incorporated, with no increase in the contract value. (This change is to ratify and extend the current contract term for 10 months covering the period August 27, 2019 through June 30, 2020. This extension is to allow time for generator testing.) (Clifton Davis)

INNOVATION & BUSINESS ANALYTICS

Prior to tabling Item No. 16, Cheryl Patterson answered questions from the Commissioners due to Michael Taylor's absence from the Board Meeting and her knowledge of the agreement. Mr. Taylor had provided a handout with information. It was decided to TABLE the item and in order to have more clarification, a presentation will be given at the next Board Meeting.

Motion To: TABLE ITEM NO. 16

RESULT:	ADOPTED [UNANIMOUS] – Table Item No. 16
MOVER:	Steven Wishnia, Board Member
SECONDER:	Mike Pohlman, Board Member
AYES:	Pohlman, Wishnia, McCullough, Graves, Dickson

16. **ITEM NO. 16 TABLED** - Resolution approving the purchase of natural gas at a discount to market price from the Public Energy Authority of Kentucky (PEAK), if MLGW commits to purchase certain quantities of gas each year during a contract term not-to-exceed 31 years. (Jim West) (REQUIRES CITY COUNCIL APPROVAL)

ADDITIONAL DISCUSSIONS/COMMENTS PERTAINING TO ITEMS 1, 2 and 14 NOTED ABOVE:

During discussions from the Board, Commissioner Pohlman asked about the single bidder items for #1, 2 and 14 of the Consent Agenda. Vice-Chair Graves agreed with the concern that the RFPs we are getting are not competitive bids, stating the process needs to be overhauled. Charles Perry answered for Item 14 and stated the contract is specialized and a very narrow market. Willis pays Liberty Mutual direct due to the state law. Dana Jeanes added that there is a plan to re-evaluate the bidding process. President Young added that we will start integrating some of the recommendations from the efficiency study in early 2020.

PRESIDENT'S DIVISION

17. Approval of a resolution providing that for all employees hired on or after January 1, 2020, who retire with less than twenty-five years of service, MLGW's contribution toward premium costs for retiree medical benefits be based on the number of years of service at such employee's retirement and a tiered percentage schedule. (Consistent with the 2007 Resolutions, the President and CEO recommended that the cost sharing basis for retirees with twenty-five and more years of service remain as set forth in the 2007 Resolutions.) (J. T. Young) (REQUIRES CITY COUNCIL APPROVAL)

SVP, CFO & CAO, FINANCE DIVISION

(None)

SVP, COO

(None)

SHARED SERVICES

18. Resolution awarding a purchase order to Engineered Sealing Components, for steel gas pipe, in the amount of \$129,030.00. (Clifton Davis) (REQUIRES CITY COUNCIL APPROVAL)

VP & GENERAL COUNSEL DIVISION

19. Resolution approving Revised Rules of Procedure of the MLGW BOC meetings, changing the starting time of the meetings from 1:00 p.m. to 8:30 a.m. (Cheryl Patterson)

SPECIAL PRESENTATION – MLGW WAY....FORWARD:

MLGW OPERATIONAL & ORGANIZATIONAL ASSESSMENT -

Caitlin Humrickhouse, Baker Tilly / Brent Tippey, HDR Engineering

Ms. Humrickhouse addressed the Board to report the findings of the MLGW Way....Forward Study. She explained the project methodology and their experience in helping utilities and other public sector organizations with conducting operational and organizational assessments. She told of the steps taken such as reviewing a wide variety of documents and on-site interviews with MLGW representatives to retain information for potential high impact areas. She explained the areas that she and her team observed which included cost reduction, revenue, risk mitigation and strategy-operational.

She stated the observations that were deemed "high priority" and have an estimated amount of fiscal impacts are: 1) Staffing levels; 2) Number of community offices; 3) FMLA procedure; 4) Procurement (to be streamlined); 5) Inventory evaluation; 6) Customer Care Policy Updated; 7) Technology-Planning Prioritized; and 8) Technology-IT Operations (prioritize Oracle issues and cloud storage).

She added that the "medium priority" focus areas with estimated fiscal impact are: 1) Workers Compensation task simplified; 2) Customer Engineering with fees added; 3) Fleet Management; 4) Collaboration and Communication streamlined over the division; and 5) Human Capital Management (job description and compensation study).

She concluded stating that due to the timeline restrictions, some areas were not explored in detail which could result in additional cost reduction, revenue, risk mitigation or strategy. Some of the areas she encouraged management to explore were Customer Service Call Center Shifts, Land Mapping, Share the Pennies and Oracle Helpdesk, to name a few.

Ms. Humrickhouse answered several questions from the Commissioners and then turned the presentation over to Brent Tippey with HDR Engineering to cover the findings of the operational side.

Mr. Tippey thanked the MLGW staff and complimented their willingness to work with him and his team, as well as giving of their time and information. He started his discussions with the Electric Division. He reviewed the items that are "being done well" and the areas of concern. The recommended Capital Electric Plan Summary entailed the top investment need. Top Capital investment recommendations are in aging infrastructure, substation transformers breakers and upgrading protective relays, distribution pole replacement, and underground cable replacement. Areas in technology that need investment are distribution automation, capacitor controls, SCADA, outage management system, communication network, and merging and linking existing technology. Vegetation is the leading cause of outages; therefore the recommendation to maintain a 3-year vegetation cycle trim, adding back lots may need additional funding to catch up with the 3-year cycle trim.

For the Gas Division, Mr. Tippey talked about the active replacement programs (cast iron, PVC and mechanical service tee). The areas of concern are wax filled casings, condition of equipment, ability to repair obsolete equipment, and unorganized paper records. He recommended a master plan to prioritize replacements. There are nineteen regulator stations that need full replacement for obsolete equipment. In regard to technology, there are 63 regulator stations that need SCADA. The program initiatives include increasing the pace of replacement of regulator stations, ILI should be considered for implementation, and continue to evaluate re-classification of mains.

In the Water Division, he reviewed the various well classifications. He noted that 43% of MLGW's active wells, regardless of condition and classification, are older than the typical 36 year abandonment milestone. Findings showed that half of the production capacity was constructed more than 50 years ago and over 25% is over 85 years old. Commissioners Graves and Wishnia asked some specific questions about the wells which Nick Newman answered. It was stated that MLGW could replace anywhere from three to five wells per year with the cost being approximately \$1.4 million per well. Mr. Tippey stated the weakest link is the MLGW wells and the plant upgrades. He added that the employees are doing a good job with what they have to work with. He pointed out that we are a unique system with ten facilities, they looked at different areas to compare MLGW to. Mr. Tippey pointed out that without improvements there will be issues that will impact operations and require additional manpower and maintenance to overcome the increasingly frequent service and delivery issues at pumping stations. Obvious safety and equipment failure is a risk. Overall, investment is needed to implement much needed upgrades and improvement in distribution.

Vice-Chair Graves asked about the employee benefits and how they compare to other utility companies. Ms. Humrickhouse explained that they use the Census Bureau for that type of information and that MLGW falls below or are in-line. She suggested a compensation study be conducted, but indicated job descriptions would need to be updated. Nick Newman and Rod Cleek were able to clarify some questions asked by the Board pertaining to TVA and the Allen Plant.

REGULAR AGENDA

(Items 1 and 2)

1. Resolution approving the Budgets for the Electric, Gas and Water Divisions for the 2020 operating expenses and the 2020 capital expenditures along with a Five-Year Service Improvement Plan, which includes rate increases for each Division over the next three-year period. The resolution allows rate schedule modifications for the electric, gas and water divisions. The resolution allows adoption of a new Renewable Natural Gas Rate Schedule, a new Large Industrial Special Sales Service Rate Schedule and revision of the Outdoor Lighting Schedule. In addition, the resolution also authorizes the President to publish a public notice of the intention of MLGW to seek approval from the Memphis City Council of the rate revisions. (J. T. Young/Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

RESULT: APPROVED [UNANIMOUS] – REGULAR AGENDA - Item 1
MOVER: Steven Wishnia, Board Member
SECONDER: Leon Dickson, Board Member
AYES: Pohlman, Wishnia, McCullough, Graves, Dickson

2. Resolution petitioning the Memphis City Council to convene as a rate making body at a public hearing, to be convened at a future date to be set by the Memphis City Council, and to consider and determine revisions in MLGW tariffs and rates. (J. T. Young) (REQUIRES CITY COUNCIL APPROVAL)

RESULT: APPROVED [UNANIMOUS] – REGULAR AGENDA - Item 2
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Steven Wishnia, Carlee McCullough, Mitch Graves, Leon Dickson
Michael Pohlman

PRESIDENT'S BRIEFING (Continued):**4. Other - J. T. Young**

President Young updated everyone on the storm and the outages. He stated we began with 42,000 outages and in 48 hours the outages decreased to 3,000. He thanked the staff for their hard work. He noted that additional crews have been brought in to assist.

COMMITTEE REPORTS:

Human Resources Committee Report (Third Quarter, 2019) - Commissioner Leon Dickson reported that the active grievances began the quarter with 228 and 49 new grievances have been added. In addition there have been 22 grievances heard and 26 resolved. The safety report lost time injury was two per month, 29 recordable medical and with a count of 80 year-to-date. This is a 24% decrease compared to last year at this time. Vehicle accidents, there is a 38% decrease compared to last year at this time.

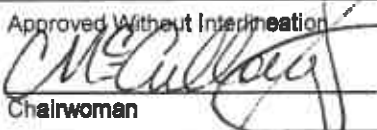
Overall, he stated this was a great safety report with a substantial amount of improvement.

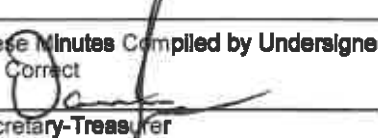
Prior to adjournment, President Young reminded everyone of the next Power Supply Advisory Team (PSAT) meeting on November 7.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:34 a.m.

(See Minute File No. 1442.)

Approved Without Interim

Chairwoman

These Minutes Compiled by Undersigned and
are Correct

Secretary-Treasurer