



Board of Light, Gas and Water Commissioners

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

Board Meeting

~ Minutes ~

Wednesday, March 1, 2017

1:00 PM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Wishnia

The meeting was called to order at 1:01 p.m.

PLEDGE OF ALLEGIANCE:

Chairman Wishnia

The Pledge of Allegiance was recited.

ROLL CALL:

Roland McElrath

Attendee Name	Title	Status	Arrived
Steven Wishnia	Chairman	Present	
Carlee McCullough	Vice Chair	Present	
Mitch Graves	Board Member	Present	
Leon Dickson	Board Member	Present	
Derwin Sisnett	Board Member	Absent	

The following staff members were present: Jerry R. Collins, Jr., President and CEO; Nick Newman, Vice President, Construction and Maintenance; Christopher Bieber, Vice President, Customer Care; Von W. Goodloe, Vice President, Human Resources; and Lashell Vaughn, Vice President and Chief Technology Officer. Alonzo Weaver, Vice President, Engineering and Operations did not attend the meeting. Dana Jeanes, Vice President, CFO and Secretary-Treasurer did not attend the meeting. Roland McElrath served as Acting Secretary-Treasurer. Cheryl Patterson, Vice President and General Counsel did not attend the meeting. Yvonne Chatman-Hendree served as Acting General Counsel.

APPROVALS:

Motion To: Approve Minutes of the Meeting of February 22, 2017.

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

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:

Roland McElrath

Receipt of Certified Copies of City Council Resolutions dated February 21, 2017, Items 10 through 22. (See Minute File No. 1410.)

PRESENTATIONS:

(None)

PRESIDENT'S BRIEFING:

1. Review of Consent Agenda - Jerry R. Collins, Jr.

(President's Briefing Continued on Page 22)

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]
MOVER:	Mitch Graves, Board Member
SECONDER:	Leon Dickson, Board Member
AYES:	Steven Wishnia, Carlee McCullough, Mitch Graves, Leon Dickson
ABSENT:	Derwin Sisnett

CONSTRUCTION & MAINTENANCE DIVISION

(None)

CUSTOMER CARE DIVISION

1. Resolution approving Change No. 13 to Contract No. 10765, Private Label Service Agreement, with Aclara Technologies, LLC, with no increase in the contract value. (This change is to implement a new Adaptive Customer Engagement (ACE) platform with no increase in the contract value. This change will allow MLGW and its residential, commercial, and industrial customers, using mobile devices, to receive a quality customer experience when accessing the MLGW My Account Tool. This contract term will remain through December 31, 2019. MLGW is requesting approval of the acquired system, which can only be provided by Aclara Technologies.) (Dana Jeanes)

ENGINEERING & OPERATIONS DIVISION

2. Resolution approving payment of an invoice from Tennessee Valley Public Power Association for the 2017 membership dues in the amount of \$51,632.36. (Alonzo Weaver) (REQUIRES CITY COUNCIL APPROVAL)
3. Resolution approving the payment of an invoice from Tennessee Regulatory Authority, for the Tennessee Regulatory Authority Inspection Fee for year 2016, in the amount of \$78,000.00. (Alonzo Weaver)
4. Resolution awarding Contract No. 11896, Internet Service Provider, to Windstream, in the funded amount not-to-exceed \$82,800.00. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

FINANCE DIVISION

5. MLGW Division plans to issue tax-exempt Series 2017 Water System Revenue Bonds in an original aggregated principal amount of not to exceed \$25,000,000 following completion of the Division's 2016 audited financial statements (anticipated to be June 2017). The Division intends to use a portion of the proceeds of the Bonds to reimburse the Division for costs incurred prior to the issuance of the Bonds. Under federal tax law, in order for the proceeds of tax-exempt Bonds to be used to reimburse the Division for prior expenditures, the Division and the City must declare their official intent to reimburse the Division for prior expenditures with proceeds of the Bonds. This resolution will constitute such declaration of official intent and will allow the Division to utilize a portion of the Bond proceeds to reimburse the Division for capital expenditures incurred on or after the date that is sixty days prior to the approval date of this Resolution by the City. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)
6. MLGW Division plans to issue tax-exempt Series 2017 Gas System Revenue Bonds in an original aggregated principal amount of not to exceed \$40,000,000 following completion of the Division's 2016 audited financial statements (anticipated to be June 2017). The Division intends to use a portion of the proceeds of the Bonds to reimburse the Division for costs incurred prior to the issuance of the Bonds. Under federal tax law, in order for the proceeds of tax-exempt Bonds to be used to reimburse the Division for prior expenditures, the Division and the City must declare their official intent to reimburse the Division for prior expenditures with proceeds of the Bonds. This resolution will constitute such declaration of official intent and will allow the Division to utilize a portion of the Bond proceeds to reimburse the Division for capital expenditures incurred on or after the date that is sixty days prior to the approval date of this Resolution by the City. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)
7. MLGW Division plans to issue tax-exempt Series 2017 Electric System Revenue Bonds in an original aggregated principal amount of not to exceed \$100,000,000 following completion of the Division's 2016 audited financial statements (anticipated to be June 2017). The Division intends to use a portion of the proceeds of the Bonds to reimburse the Division for costs incurred prior to the issuance of the Bonds. Under federal tax law, in order for the proceeds of tax-exempt Bonds to be used to reimburse the Division for prior expenditures, the Division and the City must declare their official intent to reimburse the Division for prior expenditures with proceeds of the Bonds. This resolution will constitute such declaration of official intent and will allow the Division to utilize a portion of the Bond proceeds to reimburse the Division for capital expenditures incurred on or after the date that is sixty days prior to the approval date of this Resolution by the City. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

GENERAL COUNSEL DIVISION

8. Resolution approving Change No. 1 to Contract No. 11740, Claims Case Management, to American Technical Services, in the funded amount of \$25,000.00. (The initial term of the contract was for a period of one year from the date of the Notice to Proceed with an option of four annual renewal terms. The contract also provides for annual software maintenance, license, and support services. This change is to renew annual software maintenance and support services for the first of four annual renewal terms covering the period April 1, 2017 through March 31, 2018.) (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

HUMAN RESOURCES DIVISION

9. Resolution approving revisions to HR Policy No. 21-04, Termination of Employment. (Jerry R. Collins, Jr./Von Goodloe)
10. Resolution approving revisions to HR Policy No. 21-11, Personnel Review Board. (Jerry R. Collins, Jr./Von Goodloe)

11. Resolution approving revisions to HR Policy No. 22-18, Relocation. (Jerry R. Collins, Jr./Von Goodloe)

INFORMATION SERVICES DIVISION

12. Resolution approving Change No. 8 to Contract No. 10346, Database Navigation Editor Software Product, with Allen Systems Group, Incorporated (ASG), formerly Nortel Networks, Incorporated, in the funded amount of \$9,197.69. (This change is to renew the current contract for annual software maintenance, license, and support services covering the period July 1, 2017 through June 30, 2018. MLGW is requesting continuous maintenance of the acquired system, which can only be performed by Allen Systems Group, Incorporated.) (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)
13. Resolution approving Change No. 5 to Contract No. 9943, Graphics Reporting Software Package, with Allen Systems Group, Incorporated (ASG) to renew the current contract in the funded amount of \$36,790.89. (This change is to renew annual software maintenance, license, and support services covering the period October 31, 2017 through October 30, 2018 with no increase from the previous year. MLGW is requesting continuous maintenance of the acquired system, which can only be performed by ASG, Incorporated.) (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)
14. Resolution approving Change No. 6 to Contract No. 9820, Cobol Debugger Software Package, with Allen Systems Group, Incorporated, with no increase in the contract value. (This change is to renew the current contract for annual software maintenance, license, and support services for the period covering June 1, 2017 through May 31, 2018 in the funded amount of \$12,964.42, which will be absorbed in the current contract value.) (Dana Jeanes)

PRESIDENT'S DIVISION

(None)

PRESIDENT'S BRIEFING:

2. Continuation of President's Briefing - Jerry R. Collins, Jr.

(President's Briefing Continued on Page 24)

2. Pension/OPEB Performance Report - Anne Walk reported positive performance for both Pension and OPEB. She stated at the end of 2016 the market value of the pension fund was at \$1.366 billion. The target for return was 7.5%; however, the return exceeded that with an 8.6% return. She reported that the Division contributed 13.94% of its payroll to the pension fund in 2016, compared to the last 50 years of a 13% average contribution. As of December 31, 2016 based on market value, the pension fund has a funded ratio of 93.2%. Ms. Walk reported as of December 31, 2016, the OPEB trust was at a market value of \$343 million. The funded ratio was at 41.93% and stated an increase is expected when the actuarial report is presented in a few months. The target return for OPEB was 7.5% and the target was exceeded at an 8.2% return. In closing, she stated the OPEB Trust and Pension Plan are each one of the best funded in the country.

GENERAL STATEMENTS FROM THE PUBLIC:

1. Michael Thompson, 2705 Lombardy Avenue, addressed the Board seeking reimbursement of plumbing repairs in the amount of \$6,127. He distributed documents to the Board including copies of the invoice and photographs of the meter, pipes and other equipment. He stated he did not have any leaks or problems prior to the gas smart meter being installed. He stated 30 lbs. of pressure was applied by the plumber in compliance with the International Gas Fuel Code. He stated old homes cannot handle this level of pressure. His home was built in 1925. He gave

the Board his account of the events. He stated he had to stay at a hotel due to this occurring during very cold temperatures and the gas being turned off. He noted he is not asking to be reimbursed for the hotel bill and commented that the bills do not include any of the furnace repairs. He offered to sign a release and agree not to speak of this any further publicly, if MLGW will reimburse the requested fees. He also stated he did not receive an opt-out notification and further stated he thinks the smart meter installation should be an opt-in, rather than an opt-out program. He also referenced a website that claims smart meters disrupt pacemakers. President Collins introduced Aubrey King, a gas meter expert, and asked him to join him at the table. A gas meter was placed on the table giving the Board a visual while explaining various steps that took place at Mr. Thompson's home and the timeline of each phase. Mr. King stated on October 27, 2016 the Apex contractor installed the gas smart meter. He explained that a larger gas meter was installed compared to some homes. He stated due to the size of the meter, it cannot be changed out hot; therefore, the gas was turned off. On November 1, MLGW returned to the home and turned the gas on and followed all of the normal procedures and everything checked out fine, so the gas was left on. On November 28 MLGW received a complaint of gas odor. A gas leak was found on the cooktop inside the home. The leak was repaired and the gas was left on. On the same date, MLGW received a call reporting gas hissing and spewing out of the meter. President Collins pointed out that hissing and spewing indicates a small leak is present. In addition, he noted that no noise indicates a large leak. Mr. King stated a nut was tightened and the leak stopped. The gas was left on. On December 12, MLGW received another complaint about a gas odor. A leak was discovered at the furnace, which was leaking gas and carbon monoxide. The tech found several leaks in the home and was not able to isolate the leak so the meter was shut off. The customer was informed he should hire a licensed contractor to repair the leaks so the gas could be restored. On December 19, MLGW was asked to turn the gas back on. MLGW was unable to do so due to gas and carbon monoxide still leaking. The customer was advised to call his contractor and have him come back to his home. After further discussion and questions from the Board, Chairman Wishnia suggested the discussion be taken to a separate meeting and try to resolve the dispute. President Collins agreed and also stated he wants the Board to understand that these events were not caused by the installation of the smart meter and that smart meters do not cause leaks inside the home.

2. Mrs. Margaret Ledbetter, 395 Goodwyn, Memphis, TN 38111, addressed the Board stating she had an incident while she was at home on Halloween day, October 31, 2016. She stated she was in the kitchen and the power went out. She went out to speak to the Technician who told her the meter burned up but he would have her power back on in one hour. She stated she had errands to run and got back home around 1:00. She read the information from the door hanger which stated a MLGW representative had been there to perform maintenance on electric metering equipment, socket and/or meter. It also indicated that upon investigation repairs were needed and MLGW would provide an electrician. Two additional blocks were marked on the hanger indicating the electric meter socket was damaged or burned; weatherhead, eyeboil, or entrance cable mast damaged; and entrance cable damaged, frayed or burned. She stated she ran carpool about 3:00 and returned home. She tried to contact MLGW but due to the fact that the account is in her husband's name, no one would discuss the account with her. She stated at approximately 3:30 the electrician arrived and said the meter was "in a mess". She stated the glass was covered in smoke. Chairman Wishnia asked if the meter or the socket was the problem. Mrs. Ledbetter stated she was told the meter; however, President Collins stated it was the socket. She stated at 5:00 p.m. no one had come back to the home. She mentioned talking to Councilman Spinoso. She said he was given a quick "run down" of what was going on. At approximately 3:00 a.m. she stated there were approximately 4 MLGW trucks at her home and the power was restored. Soon after, she stated they realized the HVAC unit was not working and the refrigerator was making a constant beeping noise. She and Mr. Ledbetter contacted a HVAC specialist to evaluate the HVAC system and was told the system was damaged by a major power surge. She stated she did not believe it was coincidental. She stated a full service

maintenance check-up was done on the unit in February, 2016 and everything was working properly. She provided photographs of smoke damage to the relay, melted wires and a burned fan motor. She stated the Technician said too much power was the issue. She spoke to MLGW again and stated Theo Washington and Philip Cox did a thorough inspection and informed her they would get back to her. Chairman Wishnia asked President Collins to confirm if the socket was burned up, would MLGW replace the socket? President Collins asked Tony Wilson to join him at the table. An electric meter was available for a visual. President Collins explained that MLGW owns the meter and the home owner owns the socket. He also noted that the Board approved MLGW to repair or replace the sockets when the smart meters are being installed if they appear to need it. Mrs. Ledbetter stated that her electrician was not sure if the surge happened when the socket was repaired or when the power went out. Mr. Wilson stated when Apex pulled the meter, the upper right clip was burned. He stated the entrance wire was also burned. He stated the technicians are trained to stop when they see this type of situation because it is dangerous. Mrs. Ledbetter was upset that she was not told this was dangerous. Mr. Wilson and President Collins reiterated that the power was turned off to assure safety for all. She again stated she made attempts to talk to MLGW. President Collins stated the account was in her husband's name and by federal law, we can only speak to the name on the account. President Collins explained that meters are not pulled every month. In most cases, meters are pulled due to non-payment which is not Mrs. Ledbetter's circumstance. Chairman Wishnia asked if Mrs. Ledbetter has replaced her refrigerator. She stated she has had some repairs done, but will have to replace it because it is not functioning properly. Vice-Chair McCullough asked for additional information in cases similar to this. She stated she believes MLGW has had similar complaints from customers because she has been contacted by MLGW customers with issues. She noted she recused herself. President Collins confirmed he can provide the information she is requesting. Mr. Wilson stated that this would have occurred even if the meter had not been pulled. President Collins assured Mrs. Ledbetter that he would be meeting with Claims, Mr. Wilson and other experts to continue investigating. She asked if MLGW would be picking up the damaged unit. President Collins confirmed they would.

Prior to the departure of Mr. Thompson and Mrs. Ledbetter, Chairman Wishnia provided some comparisons of radio frequency energy exposures of common sources such as microwaves, smart phones, TVs and routers, all of which generate much more than a smart meter.

PRESIDENT'S BRIEFING (Continued):

2. Continuation of President's Briefing - Jerry R. Collins, Jr.

(President's Briefing Continued From Page 22)

3. Healthcare Update - 4th Quarter, 2016 - Charles Perry reported cost trended 14.3% higher for 2016, compared to the 2016 projected national average of 8%. Large claims are cited as being the main drive of the large increase. As improved pricing took effect under the new Pharmacy contract, effective January 1, 2016, MLGW's overall prescription utilization dropped by 3.56% for the year, as national averages projected an increase of 10%. Specialty drug costs fell overall for the year by 11.85%. Mr. Perry reported various statistical facts pertaining to medical and prescription claims comparing the numbers from 2011 through 2016. He also reported that the mandated ACA reporting requirements relative to each employee's insurance coverage was accomplished in 2016 with assistance from Lashell Vaughn and members of the IS Team.

4. Other - Jerry R. Collins, Jr.

COMMITTEE REPORTS:

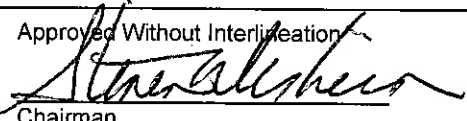
Supplier Diversity Update - 4th Quarter, 2016 - Renise Holliday reported that the supplier diversity spend for 2016 exceeded the supplier diversity spend for 2015. The total spend in 2016 was \$76.4 million. Ms. Holliday provided specific contracts and projects that have contributed to this. By comparison of the year-to-date performance for the sheltered market, those numbers continue to improve. In 2014 the sheltered market spend was \$6.9 million and in 2016 the spend has increased to \$10.6 mill

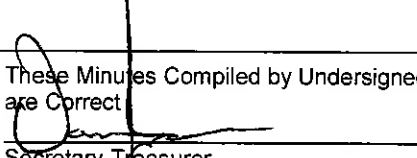
Human Resources Committee Report (January 2017) - Commissioner Leon Dickson, Sr. reported on the January meeting. The 4th Quarter demographic report was heard with no significant changes. The grievance report indicated there were no recent upward or downward trends. The safety report indicated that two of four measurements were met. He added that the safety department is working with the departments in an effort to improve in areas where the goals were not met.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 2:04 p.m.

(See Minute File No. 1411.)

Approved Without Interlineation

Chairman

These Minutes Compiled by Undersigned and
are Correct

Secretary-Treasurer