



Board of Light, Gas and Water Commissioners

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

Board Meeting

~ Minutes ~

Thursday, July 10, 2014

1:30 PM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Masson

The meeting was called to order at 1:32 p.m.

PLEDGE OF ALLEGIANCE:

Chairman Masson

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Derwin Sisnett	Vice Chairman	Present	
Rick Masson	Chairman	Present	
Steven Wishnia	Board Member	Present	
Darrell T. Cobbins	Board Member	Late	1:49 PM

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

APPROVALS:

Motion To: Approve Minutes of the Meeting of June 19, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Steven Wishnia, Board Member
SECONDER:	Derwin Sisnett, Vice Chairman
AYES:	Derwin Sisnett, Rick Masson, Steven Wishnia
ABSENT:	Darrell T. Cobbins

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:

Dana Jeanes

Receipt of Certified Copies of City Council Resolutions dated June 17, 2014, Items 10 through 22 and Resolutions dated July 1, 2014, Items 9 through 18 and Item 23. (See Minute File No. 1378)

PRESENTATIONS:

(None)

PRESIDENT'S BRIEFING:

1. Review of Consent Agenda - Jerry R. Collins, Jr.
(President's Briefing Continued on Page 59 – Reference Item No. 9)

CONSENT AGENDA

RESULT:	APPROVED 1 – 8 and APPROVED 10 - 13 [UNANIMOUS]
MOVER:	Steven Wishnia, Board Member
SECONDER:	Derwin Sisnett, Vice Chairman
AYES:	Derwin Sisnett, Rick Masson, Steven Wishnia
ABSENT:	Darrell T. Cobbins

CONSTRUCTION & MAINTENANCE DIVISION

1. Resolution approving Change No. 1 to Contract No. 11536, Aerial Patrol of Gas Transmission Right-of-Way, with Tennessee Helicopter Services, Incorporated, in the funded amount of \$50,000.00. (This change is to renew the current contract for the first of four annual renewal terms covering the period August 29, 2014 through August 28, 2015, with no increase in rates from the previous year.) (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
2. Resolution ratifying the approval, after the fact, of an amendment to Purchase Order Number 149077 to NESCO Sales and Rentals for the rental of an aerial tower for an additional two months, in the amount of \$27,950.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
3. Resolution awarding a contract to Stribling Equipment Company, LLC in the amount of \$61,755.00 for the purchase of three platform trailers. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
4. Resolution awarding a contract to Delta Material Handling for the purchase of five forklifts in the amount of \$199,265.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)

CUSTOMER CARE DIVISION

5. Resolution awarding contracts for Electric Meter Socket Replacements to four firms, in the combined funded amount of \$200,000.00. For the purpose of transparency and full disclosure, the Contract Management Department advertised bids in the Memphis Daily News February 27, 2014. The document was advertised using MLGW's On-Line Bid Notification System on February 28, 2014. MLGW qualified and received four bids on March 6, 2014. MLGW is recommending award to the following four contractors: 1) C-Agreement No. 1806 to Ben Dunford Electric Company; 2) C-Agreement No. 1904 to Quantum Electric, LLC; 3) C-Agreement No. 1905 to Chester Electric d/b/a F & F

Enterprise; and 4) C-Agreement No. 1906 to Gilles Electric. Individually, the award recommendation for each contract is an amount not-to-exceed \$50,000.00 based on unit pricing.) (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)

ENGINEERING & OPERATIONS DIVISION

6. Resolution awarding Contract No. 11730, Professional Engineering Services, to Tony Huff & Associates Engineering Solutions, PSC, with approved rates, in the funded amount not-to-exceed \$200,000.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
7. Resolution approving the rejection of bids received up to 4 o'clock p.m., Tuesday, April 22, 2014 for furnishing MLGW with twenty-five outdoor wireless mesh routers. (Jozelle Booker)
8. Resolution approving rejection of bids received up to 4 o'clock p.m., Tuesday, April 2, 2014 for furnishing MLGW with chlorine residual analyzers. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
9. **Item No. 9 deleted** from Agenda. *(This included Item No. 2 of the President's Briefing also being deleted – Downtown Network Seismic Retrofit Project – Keenan Wilburn)* Resolution requesting advanced approval to assist in expediting the material acquisition in a cost sharing project between MLGW and the Federal Emergency Management Agency (FEMA) to seismically retrofit Memphis' Downtown Electric Network transformers. (Alonzo Weaver) (REQUIRES CITY COUNCIL APPROVAL)

FINANCE DIVISION

(None)

GENERAL COUNSEL DIVISION

(None)

HUMAN RESOURCES DIVISION

10. Resolution approving Change No. 2 to Contract No. 11570, MLGW Rental Equipment Insurance Coverage, with Mid-South Insurance Office, Incorporated, in the funded amount of \$49,613.00. (This change is to renew the current contract for an additional one year term for the period covering August 24, 2014 through August 23, 2015 with no increase in coverage from the previous year.) (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
11. Resolution awarding Contract No. 11735, Onsite Computer and Technical Classes, to Southwest Tennessee Community College, in the funded amount not-to-exceed \$26,000.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)

INFORMATION SERVICES DIVISION

(None)

PRESIDENT'S DIVISION

12. Resolution approving Change No. 1 to Contract No. 11428, Other Post Employment Benefits (OPEB) Trust Audit, with Banks, Finley, White & Co., to extend the current contract in the funded amount of \$15,000.00. (Jerry R. Collins, Jr.) (REQUIRES CITY COUNCIL APPROVAL)
13. Resolution approving Change No. 1 to Contract No. 11429, Retirement and Pension System Audit, with Banks, Finley, White & Co., to extend the current contract in the funded amount of \$22,500.00. (Jerry R. Collins, Jr.) (REQUIRES CITY COUNCIL APPROVAL)

FLOOR OPENED UP FOR DISCUSSION OF ITEM 14 OF THE REGULAR AGENDA :

Mr. Patrick Epps, IBEW Assistant Business Manager, 4000 Clearpool Circle, addressed the Board and spoke of the contract opening meeting held on April 9, 2014. He stated there were no bids for a three year contract. He turned the floor over to Mr. Hawkins.

Mr. Bill Hawkins, IBEW Assistant Business Manager, 4000 Clearpool Circle, addressed the Board. He handed out presentation materials and stated there was no mandatory meeting. He discussed the details of the third paragraph of today's Resolution regarding Contract No. 11700 and what he believed to be conflicting statements. He stated the original bid was a one year bid. His hand-outs included an analysis of years 1, 2, and 3 comparing the Davis Elliot bid and the MLGW bid. He stated in 2009 the City conducted an audit which states employee benefits cannot be included in the costing. He stated there would be a substantial savings keeping the job in-house. He also stated he gets calls regularly from employees saying they don't have enough work to do and questioning what is going on. He believes management can restructure the work and use MLGW employees to keep the job in-house. He discussed overtime costs calculations of the outside contractor vs. overtime using MLGW employees. He stated at the meeting between Union and Management, the point was made that as long as the job stayed within budget, overtime would never be realized by upper Management. He also discussed the handout which was an Agreement with Local Union 474 from 2009 and stated a similar agreement could be reached with them to keep this job in-house by hiring temporary Linemen.

Chairman Masson asked Mr. Hawkins to refresh his memory in regard to the Audit done in 2009 by the City, and asked if this is in the MOU or was this coming from the auditors. Mr. Hawkins responded it was coming from the auditors.

Ms. Jozelle Booker addressed the Board in response to some of the statements made by Mr. Hawkins. She provided documents to the Board explaining that they were copies of the documents sent out to the bidders when the addendum was issued. She stated an addendum was issued on March 13, 2014 to the bidders with a cover letter and instructions of the specific language to be deleted. A copy of the change was also provided to the bidders in the addendum packet. She clarified the section in the Board Packet on page 138 which states *"Please note this amount was based on a 4,160 hours (two (2) crews at 2,080 hours each) which was used for evaluation purposes."* She stated the hours were not intended for award of contract, only for evaluation purposes.

Mr. Nick Newman addressed the Board in response to some of the statements made by Mr. Hawkins. He stated he disagrees that there is sufficient staff to do this job in-house. He emphasized the deadline date and if not completed the fines that MLGW would face. He stated there is plenty of work in the schedule now, which does not include customer jobs that no one is aware of three years in advance. He stated the numbers provided by Mr. Hawkins today were the first he had seen of them. He stated at the meetings between the Union and Management, prior to the Board Meeting, the question was asked if this particular job was sent back to the Board for additional approval, what those circumstances would include. He stated it would be for extension of time or additional funding; however, he does not anticipate overtime unless there are issues in regard to safety or TDOT. He discussed training people and the cost involved, as well as the utilization of equipment due to the fact this type of work is being done across the country.

Commissioner Wishnia asked Mr. Newman to respond to the statement made by Mr. Hawkins in regard to employees standing around and not having enough work. Mr. Newman stated that is not true and he has Managers present that can attest to work planned over the next several years, as well as work being done now. Commissioner Wishnia asked if the work could be restructured to do the job internally and Mr. Newman said it could, but then Distribution would suffer.

Commissioner Sisnett asked Mr. Newman to confirm that penalties are involved if the deadline is not met.

Commissioner Cobbins asked about out-sourcing and future opportunities in planning and to begin training in-house. Mr. Newman stated they are always looking for opportunities to keep the work in-house, but there are 110 incidents and explained the details of those. He also stated a portion of the job is being done in-house, but there is not enough staffing to complete the entire job using MLGW employees in the time required.

Chairman Masson concluded with statements of his thoughts and stated he doesn't see that much "slack" in the organization where employees are short on work.

Mr. Hawkins responded stating the excess employees are in the Distribution Support area and also Trouble Shooting Customer Service area.

Mr. Newman clarified the months that TVA will allow this work to be done and stated he would be very concerned in pulling employees from those areas, due to current customers being affected negatively.

Chairman Masson wrapped up the discussion session stating he supports the employees of MLGW and believes they are busy, with work to do, and do a great job.

REGULAR AGENDA

Motion To: Approve Item No. 14

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Derwin Sisnett, Vice Chairman
SECONDER:	Darrell T. Cobbins, Board Member
AYES:	Derwin Sisnett, Rick Masson, Steven Wishnia, Darrell T. Cobbins

14. Resolution awarding Contract No. 11700, Electric Construction and Maintenance with Davis H. Elliot Construction Company, Incorporated, in the funded amount of \$8,887,424.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)

PRESIDENT'S BRIEFING (Continued):

3. Michael Taylor introduced Mr. Monty Davison, President/CFO, Inland Waste Solutions, LLC. Mr. Davison briefed the Board on the history of the company and discussed the transition of moving into CNG. He expressed his gratitude to Michael Taylor and the rest of the MLGW staff and stated their guidance and knowledge is most appreciated.

4. Greater Memphis Chamber Economic Development Report - Bill Bullock

Mr. Phil Trenary, President and CEO of the Chamber commended MLGW for taking a leadership role in CNG. He praised the quality of the employees of MLGW, such as Bill Bullock and Candace Spicer. He stated he appreciates working with them. He stated the last several years have been successful and the focus for job growth in the City is a priority.

Mark Herbison, Senior VP of Economic Development of the Chamber stated MLGW's work in completing the transmission lines and other work they did was a big part of the success of the Nike project. He also stated their efforts are a contributing factor in additional tax dollars coming into the City. He provided statistics of new jobs, retained jobs, new and potential investments.

Dexter Muller, Senior VP of Community Development spoke of projects the Chamber is working on in regard to community revitalization and workforce development. He also gave examples of how the PILOT program is benefiting the City. He compared Memphis to others cities in regard to incentives being offered.

5. 2013 Customer Survey Results - Valerie McKinney reported positive results and explained the process of how data is obtained and calculated.

6. Other - Jerry R. Collins, Jr.

COMMITTEE REPORTS:

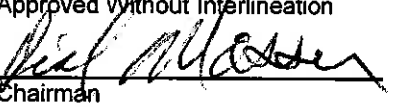
1. Audit Committee Report - Vice-Chairman Derwin Sisnett reported at the last meeting on June 5, the Committee reviewed 2013 financial statements and audit reports.

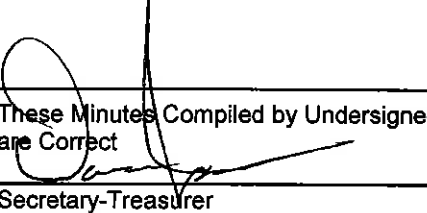
2. Human Resources Committee Report - Commissioner Darrell Cobbins stated a special called meeting was held on July 2, 2014 to allow Mr. Ray Herndon the hearing he had requested. He stated his case and Management stated their case. Commissioner Cobbins asked him what he is seeking. Mr. Herndon noted he had already resigned, and stated he wanted to be heard and wanted to be compensated during the time frame he was suspended. Commissioner Cobbins stated this would be a Management decision. Attorney Cheryl Patterson stated Management would make their decision based on the policies already adopted by the Board.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:16 p.m.

See Minute File No. 1379.

Approved Without Interlineation

Chairman

These Minutes Compiled by Undersigned and
are Correct

Secretary-Treasurer