



Board of Light, Gas and Water Commissioners

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

Board Meeting

~ Minutes ~

Thursday, June 19, 2014

1:30 PM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Masson

The meeting was called to order at 1:27 p.m.

Chairman Masson acknowledged the 2013 facts and figures information brochure and how useful it is and also thanked whoever puts it together. He pointed out the rise in number of customers. He acknowledged and welcomed City of Memphis Councilman Myron Lowery.

PLEDGE OF ALLEGIANCE:

Chairman Masson

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Derwin Sisnett	Vice Chairman	Absent	
Rick Masson	Chairman	Present	
Steven Wishnia	Board Member	Present	
Darrell T. Cobbins	Board Member	Present	

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; Christopher Bieber, Vice President, Customer Care; Alonzo Weaver, Vice President, Engineering and Operations; Von W. Goodloe, Vice President, Human Resources; and Lashell Vaughn, Vice President and Chief Technology Officer.

APPROVALS:

Motion To: Approve Minutes of the Meeting of June 5, 2014.

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

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:

Dana Jeanes

Receipt of Certified Copies of City Council Resolutions dated June 3, 2014, Items 6 through 8 and Item 10. (See Minute File No. 1377)

SPECIAL PRESENTATION:

TVA Green Power Switch Award, 2013 - Top New Recruiter of the Year - Denise Watts of TVA presented the award to President Collins and Chairman Masson.

GENERAL STATEMENTS FROM THE PUBLIC:

(None)

NEW BUSINESS:

1. Appointment of Ms. Pamela Z. Clary as Citizen Member of the Retirement and Pension Board, term beginning July 1, 2014 and term ending on June 30, 2017. (Jerry Collins, Jr./ MLGW Board of Commissioners - Motion and Second / Dana Jeanes Roll Call Vote)

Motion To: Approve the appointment of Ms. Pamela Z. Clary as Citizen Member of the Retirement and Pension Board

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

PRESIDENT'S BRIEFING:

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

(President's Briefing Continued on Page 54)

CONSENT AGENDA

(Items 1 through 13)

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

CONSTRUCTION & MAINTENANCE DIVISION

1. Resolution approving Change No. 4 to Contract No. 11399, Right of Way Mowing, with Rotolo Consultants, Incorporated, in the funded amount of \$236,256.00. (This change renews the current contract for the fourth and final renewal term covering the period August 9, 2014 through August 8, 2015 with no increase in rates from the previous year.) (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)

CUSTOMER CARE DIVISION

2. Resolution awarding Contract No. 11624, Natural Gas Management System with Pioneer Solutions Global, LLC in the funded amount of \$1,069,200.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
3. Resolution approving payment of an invoice from Platts for annual subscription services funded in the amount of \$33,329.99. (Chris Bieber) (REQUIRES CITY COUNCIL APPROVAL)

ENGINEERING & OPERATIONS DIVISION

4. Resolution approving Change No. 10 to Contract No. 10336, EMS/SCADA System with General Electric Energy Management Services, through the current term covering the period January 1, 2009 through December 31, 2015, in the funded amount of \$350,000.00. (This change is to increase the current contract value in the funded amount of \$350,000.00 through the current term, which ends December 31, 2015. This change is needed to replenish funds used to purchase hardware and software to comply with NERC requirements and to accommodate Department of Energy (DOE) Smart Grid upgrades. The costs for these items were not accounted for during scheduled 2012 maintenance upgrades but were included in the scope of the contract.) (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
5. Resolution awarding Contract No. 11633, Local Dial Tone Services with Windstream in the funded amount of \$324,000.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
6. Resolution awarding Contract No. 11729, Professional Engineering Services with Mid-South Engineering Consultants, LLC with approved rates, in the funded amount, not-to-exceed \$300,000.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
7. Resolution awarding Contract No. 11731, Professional Engineering Services with Fisher & Arnold, with approved rates in the funded amount, not-to-exceed \$400,000.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
8. Resolution awarding a contract to Mehta Tech for digital fault recorders upgrade in the amount of \$79,500.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
9. Resolution approving a contract with GDS Associates, Inc. for professional consulting services to assist MLGW with on-going support for its Internal Compliance Program, technical studies, evaluations, readiness assessment, and other NERC Reliability Standards compliance processes associated with its registration as a Distribution Provider, Transmission Planner, Transmission Owner, and Transmission Operator, in an amount not to exceed \$560,000.00. (Alonzo Weaver) (REQUIRES CITY COUNCIL APPROVAL)

FINANCE DIVISION

10. Resolution awarding a contract to CGS, Inc. for gas service risers in the amount of \$71,610.00. (Jozelle Booker) (REQUIRES CITY COUNCIL APPROVAL)
11. Resolution approving actuarial funding to the Retirement and Pension System in the amount of approximately \$26,812,140.00, for the 2014 Plan Year. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

12. Resolution approving the estimated amount of \$13,386,340.00 to be transferred from the Common Fund to the OPEB Trust with a settlement at year-end to equal the 2014 Annual OPEB Cost. (Dana Jeanes) (REQUIRES CITY COUNCIL APPROVAL)

GENERAL COUNSEL DIVISION

(None)

HUMAN RESOURCES DIVISION

13. Resolution approving the following positions: Position No. 05254, Community Relations Coordinator 2; Position Nos. 06472, 06475, 06477, 06480, 06481, 06482, 06483, and 06486, all of which are positions for Inspector Contracted Services. (Jerry Collins, Jr.)

INFORMATION SERVICES DIVISION

(None)

PRESIDENT'S DIVISION

(None)

PRESIDENT'S BRIEFING (Continued):

2. Discussion of Contract No. 11700 - Transmission Work (LiDAR/NERC) - Gregg Deaton/Allan Long - President Collins asked Allan Long and Gregg Deaton to make their presentation and following thereafter, the Union representatives to give their presentation. Mr. Long stated that MLGW hired a consultant to conduct an aerial survey using LiDAR. He reviewed the details of the assessment and discussed remediation options. He stated the NERC Alert required utilities to remediate issues "as practical" but within one year of identifying issues. MLGW negotiated a schedule of three years with completion by December 31, 2016. He discussed the remediation plan and a breakdown of the percentages per category, as well as a remediation schedule.

Gregg Deaton stated 48% of the issues found were in the transmission system and the plan is to complete this part of the project with contracted sources, due to the fact the Division only has one transmission crew which has been intact since 2009. He listed multiple projects already scheduled for this crew. He stated MLGW was fortunate to receive three competitive bids, and reiterated the Division does not have the resources to complete the work by December 31, 2016. He stated the Division would be faced with fines if the deadline is not met, and he also discussed problems last year in obtaining rental equipment due to the level of demand nationwide for the equipment. He stated the transmission work can only be done mid-May to mid-October and explained the reasoning for the limited time frame.

Bill Hawkins, IBEW Assistant Business Manager, 4000 Clearpool Circle, addressed the Board regarding the LiDAR/NERC project. He discussed a cost breakdown received from management approximately four to five weeks ago. He stated the report showed that the project would require 4,160 hours and argued that MLGW personnel are available and if used, would net a substantial savings versus using a contractor. He stated the first cost breakdown report provided by management, showed the outside contractor cost at approximately \$2,800,000 and MLGW cost at approximately \$3,100,000. He noted that "late Tuesday" he received a revised cost breakdown with a substantial difference of contractor's cost at

\$8,800,000 and MLGW's cost at \$9,100,000. He stated that it is not practical to assign the General Foreman to be over one transmission crew and discussed the role of the Foreman over the jobs. He stated the Union is requesting another meeting with management to have a clearer understanding of the reports. He discussed a project in 2009 where the Union and Management negotiated to allow a contractor to change out transformers. He stated that once that transmission line was complete, a meeting was supposed to take place between Management and the Union to discuss future work to do transmission lines, but stated the meeting never took place. He is requesting that the Board review and evaluate everything closely before making a decision.

President Collins asked Mr. Long and Mr. Deaton to address some of the concerns Mr. Hawkins brought up in his presentation. Mr. Deaton stated in the meeting with the Union some good recommendations were made, which they acted on. He stated these recommendations caused revisions to the numbers due to the reports showing the cost savings across the full three year span versus just the first year cost savings. He stated he mirrored the contractor bid with certain classifications of employees so the cost savings would reflect that. Also, the original cost savings report included the General Foreman on site for 100% of the time, and that was changed to 50% of the time on site. Cost savings in percentages and dollars was discussed in regard to the differences in using an outside contractor versus MLGW personnel. President Collins asked for additional details in regard to why outside contractors are being requested versus MLGW personnel. Mr. Deaton advised that MLGW personnel would do the distribution portion of the project and the outside contractor would do the transmission work, due to lack of resources available to do both. Mr. Long stated this is not a continuing job and once the work is done, the job is complete. Mr. Deaton discussed the incident in 2009 that Mr. Hawkins spoke of and stated at that time, distribution crews were taken out of distribution and put into transmission crews, which left the distribution crews short-handed. That in turn then required contracting out transformers. Chairman Masson asked if a schedule of work is available and Mr. Deaton stated the Engineers are working on that.

Mr. Hawkins re-iterated stating MLGW has the staffing to do the job. Chairman Masson asked if he was suggesting overtime and also questioned if the resources Mr. Hawkins stated are available equate to excess capacity in the work force.

Mr. Hawkins stated he would be putting some documentation together and would get back to the Board. Chairman Masson assured Mr. Hawkins that all documents will be reviewed closely and considered. The item will be brought back to the Board at the first Board Meeting in July.

3. Health & Medical Benefits Report - 1st Quarter 2014 - Charles Perry reported the history of medical claims, enrollment, and summary of drug costs.

4. Report on the Issuance and Sale of Bonds - Dana Jeanes reported on the recent transactions of the electric and water bond issues. He stated submitting this information is a part of continuing disclosure and noted these will be filed with the City Council and the State of Tennessee. He noted the face amount of the Electric System Revenue Bond, Series 2014 of \$71,000,000 and a premium of about \$10,000,000 with an interest cost of about 3.19%. He noted the rating from Moody's was an Aa2 rating and Standard & Poor's rating of AA+. He also reported on the Water System Revenue Bond, Series 2014 a face amount of \$15,000,000 and a premium of about \$987,000 with an interest cost of about 3.05%. He noted the rating from Moody's was an Aa1 and Standard & Poor's rating of AAA.

5. Other - Jerry R. Collins, Jr.

Richard Finnie with the MLGW University introduced three young ladies, Regan Smith, Danisha Williams and Serita Jones, from Girls Inc. They had spent several days at MLGW visiting various departments and meeting MLGW employees to learn how MLGW does business. He thanked the employees that had taken their time and shared their knowledge with the young ladies.

ADJOURNMENT

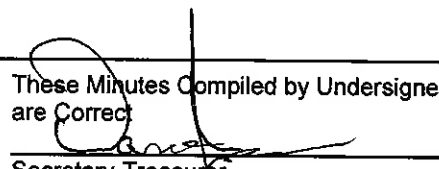
There being no further business, the meeting was adjourned at 2:26 p.m.

(See Minute File No. 1378)

Approved Without Interlineation


Chairman

These Minutes Compiled by Undersigned and
are Correct


Secretary-Treasurer