

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
July 5, 2007

A **regular** meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at Memphis Light, Gas & Water Division, 220 S. Main, Thursday, **July 5, 2007** at 1:30 p.m. The following were in attendance: Rick Masson, Chairman and Acting President & CEO; V. Lynn Evans, Vice Chairman; Nick Clark, Commissioner; William L. Taylor, Commissioner; Jerry R. Collins, Jr., Interim Chief Utility Officer; John McCullough, Vice President, CFO and Secretary-Treasurer; Charlotte Knight Griffin, Interim Vice President and General Counsel; Christopher Bieber, Vice President, Customer Care; Alonzo Weaver, Vice President, Engineering and Operations; Linda Peppers, Vice President and Chief Technology Officer; and City Council Members Carol Chumney, Barbara Swearingen-Ware, and Henry Hooper. Armstead Ward, Vice President, Human Resources was not in attendance.

Chairman Masson advised the Board that Commissioner Bowden resigned effective June 22, 2007.

Vice Chairman Evans moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held **June 21, 2007**, that they be recorded as the official record, **seconded by Commissioner Taylor** and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated **June 19, 2007, Items 4 through 14, approving items approved by the MLGW Board at its meeting held June 7, 2007; and Item No. 40, informing the MLGW Board to hold the sale of Memphis Networx until full disclosure of the facts has been made to the City Council (see Minute File No. 1294).**

Alonzo Weaver presented the APPA 2007 Reliable Public Power Provider (RP3) Award to the Board.

WHEREAS, the Board of Light, Gas and Water Commissioners selects the Chairman of the Board and Vice Chairman of the Board; and

WHEREAS, the Board of Light, Gas and Water Commissioners selects the Chairman of the Pension Board; and

WHEREAS, Vice Chairman Evans nominated Rick Masson for Chairman of the Board, seconded by Commissioner Clark; and

WHEREAS, Commissioner Taylor nominated V. Lynn Evans for Vice Chairman of the Board, seconded by Commissioner Clark; and

WHEREAS, Commissioner Clark nominated Rick Masson for Chairman of the Pension Board, seconded by Commissioner Taylor; and

WHEREAS, there were no further nominations, it was unanimously carried:

THAT, Rick Masson serve as Chairman of the Board and Chairman of the Pension Board, and V. Lynn Evans serves as Vice Chairman of the Board.

1. The Manager, Procurement and Contracts recommended to the Board of Light Gas and Water Commissioners award of Contract No. 11194, Aerial Patrol of Gas Transmission Lines, to Tennessee Helicopter Services, Inc., in an estimated funded amount of \$28,140.

The project scope is to provide aerial bi-weekly patrols of MLGW gas transmission pipeline Right-of-Ways by air via helicopter at low level with qualified MGLW personnel in Memphis and Shelby County, Tennessee.

Two bids were submitted on June 5, 2007, for Aerial Patrol of Gas Transmission Lines, with the lowest and best bid being submitted by Tennessee Helicopter Services, Inc.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11194 to Tennessee Helicopter Services, Inc. in an estimated funded amount of \$28,140, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the award.

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11209, Mobile Document Shredding, to Iron Mountain, in an estimated funded amount of \$14,544.

The project scope is to provide mobile document shredding service at various MLGW locations in Memphis and Shelby County, Tennessee.

Proposals were received on June 12, 2007 for said contract, with the best of three proposals being submitted by Iron Mountain.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Award of Contract No. 11209 to Iron Mountain in an estimated funded amount of \$14,544, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the award.

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of SONET Multiplexers which will enhance fiber optic communication between MLGW facilities. These multiplexers will allow one path to fail while still maintaining communication with remote sites.

Bids were opened on May 23, 2007. Although bids were solicited from five suppliers, only one bid was received from the firm of General Electric Company (GE Multilin) in the amount of \$300,268 with a \$30,000 discount resulting in a final cost of \$270,268.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to General Electric Company (GE Multilin) is approved for furnishing:

SONET Multiplexer (SMUX) equipment (chassis, modules, and ancillary firmware/hardware), at \$270,268 all;

totaling \$270,268; f.o.b. Memphis, TN, our dock, transportation prepaid; said price being firm; delivery in 10 weeks.

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of Server Hardware and Software to replace production servers which are out of date and to support nearly instantaneous recovery from a disaster affecting MLGW data centers and the mobile dispatch system.

Bids were opened on June 13, 2007. Although bids were solicited from seven suppliers, only one bid was received from the firm of Logicalis, Inc. in the amount of \$234,523.46.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Logicalis, Inc. is approved for furnishing:

HP Continuous Access/EVA, at \$90,711.23 each;

Mobile dispatch servers, at \$69,833.88 each;

ServiceGuard MetroCluster, at \$60,752 each;

KVM Console, at \$3,106.35 each;

EVA5000 disk storage expansion – eight (8) disk drives, at \$10,120 all;

totaling \$234,523.46; f.o.b. Memphis, TN, our dock, transportation prepaid; said prices being firm; completion within 90 days.

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of approximately 177,375 lbs. of 1590 KCMIL Class “A” wire to be used to construct transmission lines between Shelton Road Substation No. 79 and proposed Quinn Road Substation No. 83 located in Collierville, TN. This is the second section of the project of loop-feeding Shelton Road Substation No. 79 that provides needed reliability to Collierville.

Bids were opened on May 23, 2007. The lowest and best complying bidder of five bidders was the firm of Stuart C. Irby. The approximate total is \$305,883.19.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Stuart C. Irby is approved for furnishing:

Approximately 177,375 lbs. of 1590 KCMIL Class “A” wire in accordance with MLGW specifications, at 172.45 per cwt.,

totaling \$305,883.19; f.o.b. Memphis, TN, transportation prepaid; our dock, said prices firm with adjustment at time of shipment based on metals at \$1.31/lb.; delivery in 10 weeks after receipt of order.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of a Corporate Network

Upgrade to replace equipment which is at end of life for which repair parts are not available. This upgrade will enable MLGW's corporate network to be more reliable.

Bids were opened on May 30, 2007. The lowest and best complying bidder of two bidders was the firm of Venture Technologies in the amount of \$268,456.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Venture Technologies is approved for furnishing:

Equipment, licenses, installation services, configuration services and project management services, at \$268,456 all;

totaling \$268,456; f.o.b. Memphis, TN, our dock, transportation prepaid; said prices being firm; completion in 90 days.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of cab and chassis which are used to maintain electric, gas and water systems, and for various customer service functions. This equipment replaces existing equipment that will be retired.

Bids were opened on June 13, 2007. The lowest and best complying bidder of two bidders was the firm of Mid-America International for nine items, with the option to purchase a service and parts manual on CD-ROM. The total for all items is \$1,100,206.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor, and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Mid-America International Trucks is approved for furnishing:

1 – latest model 2-ton crew cab and chassis having at least a 31,000 lb. gvwr rating and an 84" cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-1300 at \$58,436 each;

2 – latest model cab and chassis having at least a 31,000 lb. gvwr rating and a 102" cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-131 at \$53,030 each;

5 – latest model crew cab and chassis having at least a 31,000 lb. gvwr rating and a 102" cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-1320 at \$58,436 each;

4 – 2-ton latest model cab and chassis having at least 54,000 lb. gvwr rating and a 138" cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-1540 at \$65,799 each;

1 – latest model cab and chassis with 12 ft. stake body having at least a 31,000 lb. gvwt rating and a 102” cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-5040 at \$57,405 each;

1 – 2-ton cab and chassis with 18 ft. stake body having at least a 31,000 lb. gvwt rating and a 138” cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-5041 at \$58,443 each;

1 – latest model 2-ton cc stake truck, 12 ft. body having at least a 31,000 lb. gvwt rating and a 102” cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-5042 at \$62,811 each;

1 – latest model cab and chassis with 14 ft. stake body having at least a 52,000 lb. gvwt rating and a 138” cab-to-axle dimension all in accordance with MLGW Specification No. TCC-07-5050 at \$69,189 each;

2 – latest model cab and chassis having at least a 35,000 lb. gvwt rating and a six yard dump body all in accordance with MLGW Specification No. TCC-07-5123 at \$65,968 each;

1 – service and parts manual on CD-ROM at \$550 each;

totaling \$1,100,206, f.o.b. Memphis, TN, our dock, transportation prepaid, said prices being firm; with delivery within 75 days.

8. After discussion, Commissioner Clark moved to transfer MLGW’s membership interest in Memphis Networx to the City of Memphis in return for a PILOT payment, and MLGW allow the City of Memphis to address the situation.

Vice Chairman Evans seconded for discussion, but withdrew, therefore the motion failed due to lack of a second.

After further discussion, Commissioner Clark moved for approval of Item No. 8, but the motion failed due to the lack of a second.

More discussion was held and the following was approved:

WHEREAS, Memphis Networx requires additional funding to support growth requirements; and

WHEREAS, Memphis Light, Gas and Water (MLGW) does not desire to provide additional funding or loan guarantees; and

WHEREAS, Memphis Broadband does not desire to provide additional funding or loan guarantees; and

WHEREAS, funding is available through the sale of the members’ ownership interest in Memphis Networx; and

WHEREAS, the sale would avoid future risk of funding, or losses of membership interest by MLGW.

NOW, THEREFORE, BE IT RESOLVED by the Board of Light, Gas and Water Commissioners, **THAT**:

The sale of MLGW’s membership interest in Memphis Networx in accordance with the general provisions of the Membership Interest Purchase Agreement dated June 7, 2007 by and among CII Holdco, Inc.,

MLGW, Memphis Broadband, LLC and Memphis Networx, LLC, is hereby approved conditioned upon Section 5.12 not being operative; and

The Chairman of the Board of Light, Gas and Water Commissioners or his designated representative is authorized to finalize the sale and execute any necessary documents in accordance with the terms of the said Membership Interest Purchase Agreement dated June 7, 2007, conditioned upon Section 5.12 not being operative.

It was moved by Commissioner Clark, seconded by Vice Chairman Evans and carried, with Chairman Masson and Commissioner Clark voting yes, Vice Chairman Evans voting no and Commissioner Taylor abstaining:

THAT, the sale of MLGW's membership interest in Memphis Networx as outlined above is approved.

9. The Manager of Energy Resources/Economic Development submitted for consideration of the Board, approval of annual membership dues to the Memphis Regional Chamber. The annual membership dues are \$25,000 and allows MLGW to be a part of the Chamber's efforts to achieve ongoing economic success and prosperity for Memphis/Shelby County by attracting new companies and investments and supporting existing business growth.

The Manager of Energy Resources/Economic Development recommends these dues be paid in order to support the Memphis Regional Chamber to achieve ongoing economic success and prosperity through business and industry recruitment, make local companies more globally competitive, drive the advancement of the Memphis technology community, and help create an environment that promotes the retention/expansion of local business.

The funds for the dues are included in the 2007 budget.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor and carried, with Commissioner Clark abstaining:

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$25,000, payable to the Memphis Regional Chamber for the 2007 annual dues.

10. The Supervisor of Telecommunications Engineering presented for approval of the Board W.R. No. C1I76491, in the amount of \$292,000, for installation of redundant fiber optic communications between Hickory Hill, the Netters Building, and Substations 9, 28, 34, 39, 66, 73, 79, 81 and 86.

W.R. No. C1I76491 is funded in the 2007 Capital Budget (Ref. No. 20-17) for \$167,000. Additional funding for W.R. No. C1I76491 will come from 2007 Capital Budget Line Items:

- a) "Netters-ERC Backup Fiber Cable-Germantown/Macon" (Ref. No. 20-8), amount \$100,000.
- b) "Replace Copper Telephone Cables" (Ref. No. 20-20), amount \$15,000.
- c) "Rolm Phone Replacement" (Ref. No. 20-26), amount \$10,000.

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor and unanimously carried:

THAT, W.R. No. C1I76491, in the amount of \$292,000, for installation of redundant fiber optic communications between Hickory Hill, Netters Building, and Substations 9, 28, 34, 39, 66, 73, 79, 81 and 86 is approved.

11. The Interim Vice President and General Counsel submitted to the Board the June 30, 2007 Quarterly Report of the Customer Appeal Committee. It is recommended that the Board approve and uphold the decisions reflected in the June 30, 2007 Quarterly Report of the Customer Appeal Committee (See Minute File No. 1295).

It was moved by Vice Chairman Evans, seconded by Commissioner Taylor and unanimously carried:

THAT, The attached June 30, 2007 Quarterly Report of the Customer Appeal Committee is approved and will be upheld by the Board.

12. It was moved by Vice Chairman Evans, seconded by Commissioner Taylor and unanimously carried that Item No. 12, the Human Resource Processes for compensation, selection and placement of employees, position control, all job movements, all area transfers and reorganizations, all job and/or position evaluations, and salary changes, be deleted.

13. WHEREAS, appropriate departments of the Engineering Division and the Vice President of Engineering approved the release of the utility easements as follows:

A 2-foot wide and a 8-foot wide electric distribution utility easements being of record in Book 5947, Page 384 in the Register's Office of Shelby County, Tennessee as Parcel 1 to E. L. Bruce Company, or its successor in title for the sum of \$1.00.

Property located on the east side of Thomas Street, approximately 260 feet north of the north line of Royal Avenue.

A 2-foot wide electric distribution utility easement located across the center portion of the property being of record in Book 2541, Page 268 in the aforesaid Register's Office of Shelby County, Tennessee as Parcel 1 to E. L. Bruce Company, or its successor in title for the sum of \$1.00.

Property located on the east side of Thomas Street south of the Wolf River.

An 8-foot wide electric distribution utility easement located on the west portion of the property being of record under Instrument No. L7 4338 in the aforesaid Register's Office of Shelby County, Tennessee as Parcel 1 to Kraftco Corporation, or its successor in title for the sum of \$1.00.

Property located on the east side of North Thomas Street approximately 860 feet north of the north line of Royal Avenue.

An 8-foot wide electric distribution utility easement located on the north portion of the property being of record in Book 4016, Page 395 in the aforesaid Register's Office of Shelby County, Tennessee as Parcel 1 to Humko Company, or its successor in title for the sum of \$1.00.

Property located on the east side of Thomas Street approximately 425 feet south of the Wolf River.

A 3-foot wide electric distribution utility easement located across the northwesterly portion of the property being of record in Chattel Book 326, Page 620 in the aforesaid Register's Office of Shelby County, Tennessee as Parcel 1 to Humko Company, or its successor in title for the sum of \$1.00.

Property located on the east side of Thomas Street south of the Wolf River.

An 8-foot wide and a 2-foot wide electric distribution utility easements located on the northwest portion of the property being of record in Book 4942, Page 38, and at Instrument No. K2-8132, both recordings in said Register's Office of Shelby County, Tennessee as Parcel 1 to Humko Company, or its successor in title for the sum of \$1.00.

Property located on the east side of Thomas Street approximately 400 feet south of the Wolf River.

An 8-foot wide electric distribution utility easement as recorded in Book 4146, Page 451 in the Register's Office of Shelby County, Tennessee across a parcel of land described under Instrument Number 06083386 in the Register's Office of Shelby County, Tennessee to HIGHCENTRAL, LLC, or their successors in title for the sum of \$1.00.

Property located on the northeast corner of Central Avenue and South Highland Street.

An 8-foot wide and a 5-foot wide electric distribution utility easements as recorded in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Number E3-7648 to HIGHCENTRAL, LLC, or their successors in title for the sum of \$1.00.

Property located on the northeast corner of Central Avenue and South Highland Street.

It was moved by Vice Chairman Evans, seconded by Commissioner

Taylor and unanimously carried:

THAT, Release of said easements across the above described properties is approved; and further,

THAT, The Board of Light, Gas and Water Commissioners recommends to the Mayor of the City of Memphis that the appropriate release deeds be executed releasing said easements to the current property owners for a consideration of \$1.00 each.

14. Minister Suhkarn Yahweh, 796 Saxon Avenue, appeared before the Board to discuss various matters.

15. Chet Kibble, 3210 Lakeview Road, appeared before the Board to discuss various matters.

16. David McCabe, BTI, 9346 Williams Glen Cove, appeared before the Board to discuss various matters.

17. David Rusin, AFS, Rochester, NY, appeared before the Board to discuss various matters.

18. David Danchak, AFS, 6515 Sparrow Hawk Dr., West Palm Beach, FL, appeared before the Board to discuss various matters.

19. Chris Davis, Memphis Flyer, 460 Tennessee St., appeared before the Board to discuss various matters.

20. John Scarano, CII Holdco, Inc., appeared before the Board to discuss various matters.

21. Ted Swanson, McLean Group, appeared before the Board to discuss various matters.

There being no further business presented, the meeting was adjourned.

SEE MINUTE FILE NO. 1295.

Secretary-Treasurer