

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
July 19, 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 19, 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, Acting Vice President and General Counsel; Nick Newman, Acting Vice President, Construction and Maintenance; Christopher Bieber, Vice President, Customer Care; Alonzo Weaver, Vice President, Engineering and Operations; Armstead Ward, Vice President, Human Resources; Linda Peppers, Vice President and Chief Technology Officer; and Carol Chumney, City Council Member.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held **July 5, 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 **July 10 2007, Items 5 through 12 and Item 30, approving items approved by the MLGW Board at its meeting held June 21, 2007 (see Minute File No. 1294); and Item No. 31, approving an independent audit of Memphis Networx (see Minute File No. 1295.)**

Armstead Ward, Vice President, Human Resources, updated the Board on the benefits of Joseph Lee, III. Mr. Ward advised the Board that, as of today, Mr. Lee had not returned the Separation and Release Agreement, therefore, the agreement is null and void, and the insurance benefits are no longer available to Mr. Lee.

1. The Manager, Procurement and Contracts recommended to the Board of Light Gas and Water Commissioners award of Contract No. 11161, Water Leak Survey, to Heath Consultants, Inc., in an estimated funded amount of \$177,900.

The project scope is to survey areas of MLGW's water distribution system using electronic listening devices to find leaks that could be contributing to non-revenue water losses in Memphis and Shelby County, Tennessee.

Proposals were received on June 19, 2007 for said contract, with the best of two proposals being submitted by Heath Consultants, 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. 11161 to Heath Consultants, Inc. in an estimated funded amount of \$177,900, as outlined in the foregoing preamble, is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 3 to Contract No. 11028, Security Services, with CDA, Inc., in an estimated funded amount of \$66,700.

The project scope will change to add a new position for an unarmed mobile officer, plus mileage. This position will replace MLGW retirees, and the bill rate for this position will be the rate of the unarmed officer, plus mileage, for approximately 3,750 miles per month at the rate of \$.50 per mile or \$20.52 an hour. The new contract amount is \$7,091,860.96.

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, Change No. 3 to Contract No. 11028 with CDA, Inc. in an estimated funded amount of \$66,700, as outlined in the foregoing preamble, is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 11121, Customer Satisfaction Survey Process, with Renee Enterprises, in the funded amount of \$26,212.50. The new contract amount is \$51,172.50, which is a 5% increase from 2006.

The project scope is to conduct community perception, residential, commercial and industrial satisfaction surveys in Memphis and Shelby County,

Tennessee. The surveys are used by Analysis, Strategy and Performance to determine the level of satisfaction with the service performed or received.

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, Change No. 1 to Contract No. 11121 with Renee Enterprises in the funded amount of \$26,212.50, as outlined in the foregoing preamble, is approved; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for furnishing switchgear which is used in switching operations and protection of the underground electric distribution system.

Bids were opened on July 6, 2007. The lowest and best complying bidder of two bidders was S & C Electric Company in the amount of \$47,145.

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 S & C Electric Company is approved for furnishing:

3 – S & C Electric No. 55153R3-K2-N10-3097 switchgears, at \$15,715 each

totaling \$47,145; f.o.b. Memphis, TN, our dock, transportation prepaid; said prices being firm; delivery in 8 weeks.

5. On April 19, 2007, the Board approved an expedited procurement request to cover the rental of two Model No. AC35-127 127-foot cranes and end-hung baskets for a three-month period. The rental was necessary for the installation of fiber-optic ground wire to meet customer needs on upcoming projects. Bids were solicited on March 30, 2007. The lowest and best complying bidder of five bidders was Global Rental Company. Transportation has requested an extension of the rental to complete the project. The extension period will be through August 31, 2007, in the amount of \$15,600.

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

THAT, extension of contract with Global Rental Company for furnishing the following is approved:

2 – Model No. AC35-127 127-foot cranes with remote controls and end-hung baskets at a monthly rental of \$7,800 per month per crane

totaling \$15,600; f.o.b. Memphis, TN, our dock, transportation prepaid and add; said price being firm.

6. The Manager, Procurement and Contracts submitted for consideration of the Board exercise of option to extend the contract for furnishing the Division with Polyethylene (PE) pipe and butt fusion gas fittings which replenishes inventory material for distribution and/or contract crews to install and/or maintain the gas distribution system for an additional 12-month period.

On May 4, 2006, the Board approved the contract for an initial 12-month period with the option to extend for an additional 12 months, not to exceed 36 months, based on satisfactory performance of the initial 12-month period. The overall price increase is approximately 5%. This award was made to Action Chemical.

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, the 12-month contract extension with Action Chemical is hereby approved

totaling \$538,165.77 approximately.

7. The Secretary-Treasurer advised the Board that due to certain personnel changes, the resolution approved by the Board July 7, 2005, listing those persons authorized to sign and/or countersign Division and Pension System checks should be amended.

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

THAT, Amendment No. 8 be approved as follows:

By **deleting** James L. Russell, Joseph Lee, III, Odell Horton, Jr., and Diana M. Veazey from the list and by **adding** Jerry R. Collins, Jr., Charlotte Knight Griffin and Nick Newman to the list of personnel authorized to **sign or countersign** MLGW Common Account checks (First TN – MLGW Common Account No. 00-0090239).

By **deleting** Joseph Lee, III, Odell Horton, Jr., and Diana M. Veazey from the list and by **adding** Jerry R. Collins, Jr., Charlotte Knight Griffin and Nick Newman to the list of personnel authorized to **sign or countersign** Customer Deposit Account checks (First TN – MLGW Customer Deposit Account No. 00-0090352).

By **deleting** Joseph Lee, III from the list and by **adding** Jerry R. Collins, Jr. to the list of personnel authorized to **sign or countersign** Retirement and Pension General Fund checks (First TN – MLGW Retirement and Pension General Fund Account No. 00-0090328) and to **sign** Retirement and Pension Payroll Account checks (First TN – MLGW Retirement and Pension Payroll Account No. 00-0090344), Worker's Compensation Medical Account checks (Tri-State – MLGW Worker's Compensation Medical Account No. 00-0187453) and Claims Settlement Account checks (Tri-State Claims Settlement Account No. 090000-1).

8. By unanimous consent, Item No. 8, amendment to the Retirement and Pension Plan to include a buy-back option for eligible employees to purchase prior Division service time under certain limited conditions, was deleted.

9. The Interim Chief Utility Officer submitted for approval of the Board the following position numbers, per the attached documents (see Minute File No. 1295):

Position No. 03422, Computer Software Specialist III

Position No. 05971, Cable Splicer

Position No. 06222, Medical Assistant

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

THAT, Position numbers 03422, 05971 and 06222, as listed in the foregoing preamble, are approved.

10. The Vice President, Engineering and Operations submitted for approval of the Board Contract No. 11237, Interlocal Agreement between Memphis Light, Gas and Water Division and Memphis Housing Authority for an In-Kind Loan for Utility Installation for Lamar Terrace/University Place Redevelopment in Memphis, Tennessee, in the amount not to exceed \$4.5 million.

The project scope is to install Electric, Gas, and Water facilities for the Lamar Terrace/University Place redevelopment site. The \$4.5 million was determined to be the fixed price estimate.

The Memphis Housing Authority agrees to provide principal payments of \$1 million per year to be paid in semi-annual payments of \$500,000 to Memphis Light Gas and Water Division, at an interest rate of prime-2%. These will be cash payments in the amount not to exceed the **\$4.5 million** in in-kind services provided by **MLGW** to be administered in accordance with the April 3, 2006 Master Disbursement Agreement between the City of Memphis, and the Memphis Housing Authority for Lamar/University Place.

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

THAT, Contract No. 11237, Interlocal Agreement between Memphis Light, Gas and Water Division and Memphis Housing Authority, is approved.

11. The Acting Vice President, Construction and Maintenance submitted for consideration of the Board, approval of the annual subscription fee to the Drinking Water Research Program at the American Water Works Association Research Foundations. The subscription fee is \$2.15 per million gallons (MLGW reported 46,747 million gallons) and is used to support a comprehensive national water supply research program.

The Acting Vice President recommends this subscription because research is continually needed to assure that Memphis has the highest quality water at the lowest possible price.

The funds for the subscription fee are included in the 2007 Budget.

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

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$100,190.19, payable to the American Water Works Association Research Foundation for the year beginning May 1, 2007.

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

AN 8-foot-wide electric distribution utility easement recorded in Book 3687, Page 51 and in the Register's Office of Shelby County, Tennessee, across a parcel of land described in Instrument Number 06034793 in the Register's Office of Shelby County, Tennessee, to B.K. Pinnacle, L.L.C. or its successor in title for the sum of \$1.00.

AN 8-foot-wide electric distribution utility easement recorded in Book 3687, Page 99 and in the Register's Office of Shelby County, Tennessee, across a parcel of land described in Instrument Number 06034793 in the Register's Office of Shelby County, Tennessee, to B.K. Pinnacle, L.L.C. or its successor in title for the sum of \$1.00.

Property address 7947 Dogwood Road, Germantown, Tennessee.

AN 8-foot-wide electric distribution utility easement recorded in Book 0323, Page 539 in the Register's Office of Shelby County, Tennessee, across a parcel of land described in Instrument Number 05166992 in the Register's Office of Shelby County, Tennessee, to Industrial Developments International, L.P. or its successor in title for the sum of \$1.00.

Property location is on the northeast corner of Tchulahoma Road and East Holmes Road.

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 deed be executed releasing said easements to the current property owners for a consideration of \$1.00 each.

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

SEE MINUTE FILE NO. 1295.