

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
August 16, 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, August 16, 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; Christopher Bieber, Vice President, Customer Care; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Nick Newman, Acting Vice President, Construction and Maintenance and Alonzo Weaver, Vice President, Engineering and Operations were not in attendance.

Vice Chairman Evans moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held August 2, 2007, that they be recorded as the official record, seconded by Commissioner Clark and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated August 7, 2007, Items 15 through 19, approving items approved by the MLGW Board at its meeting held July 19, 2007 (see Minute File No. 1295).

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 3 to Contract No. 10406, Investment Management Consultant, with Gerber Taylor Associates, Inc., to amend the record, ratify prior payments in the amount of \$423,500, and to extend the contract term to June 30, 2008 in the amount of \$121,000. The amount of this change is \$544,500.

This resolution serves to amend the record to reflect the intent of Gerber Taylor Associates, Inc., and the Secretary-Treasurer of the Pension Fund to renew the contract for the period January 1, 2004 to December 31, 2006 and not December 31,

2004, as reflected in resolution approved on December 18, 2003. Further, this resolution extends the contract retroactive from January 1, 2007 to June 30, 2008 with no increase in the previously agreed to fees. The current contract amount is \$1,119,122.

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

THAT, Subject to ratification in the amount of \$423,500 and the consent and approval in the amount of \$121,000 by the Council of the City of Memphis, Change No. 3 to Contract No. 10406 with Gerber Taylor Associates, Inc., in the amount of \$544,500 as outlined in the foregoing preamble is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 8 to Contract No. 10562, Installation of a PBX/ACD System, with Black Box Network Services, to upgrade the ProCenter application for the Customer Care Center from version 5.1 to the latest version 7 in the funded amount of \$99,879, and maintenance cost for years 2008 through 2012 in the amount of \$295,428, for a total amount of \$395,307.

The project scope has changed to cover installation of the new ProCenter 7 version and to modify the CTI applications on MLGW provided servers, port over MLGW data from 5.1 version database to 7 version database and to upgrade the existing reader boards. In addition, MLGW's existing ProCenter server machines are scheduled for replacement in year 2007. The ProCenter version 7 upgrade will allow MLGW Customer Care Center to continue to better serve our customers.

It is further recommended that the annual maintenance and support cost continue for five years in the total amount of \$295,428. The cost for annual maintenance will be as follows: \$56,769 for 2008; \$57,904 for 2009; \$59,062 for 2010; \$60,244 for 2011; and \$61,449 for 2012. The new contract amount is \$1,969,810.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 8 to Contract No. 10562 with Black Box Network Services in the total amount of \$395,307, 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 ratification of Expedited Procurement Request for Change No. 3 to Contract No. 10837, Administration Building Cafeteria, with UniSource Business Services, LLC.

The project scope has changed to allow UniSource to continue to provide cafeteria and vending services at the Administration Building retroactive to August 8, 2007 through December 31, 2007 until a new contract is in place. The commission will continue to be 2% of all annual sales over \$150,000 to the charity or fund of MLGW's choice.

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

THAT, Change No. 3 to Contract No. 10837 with UniSource Business Services, LLC, as outlined in the foregoing preamble, is ratified; 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 approval of Change No. 6 to Contract No. 10918, Out-of-State Auto Insurance, with Pete Mitchell & Associates, Inc., in an estimated funded amount of \$3,772.

The project scope has changed to add four additional MLGW vehicles to allow Pete Mitchell to continue to provide out-of-state auto insurance coverage from June 26, 2007 to March 14, 2008. The insurance coverage will now allow 62 MLGW vehicles to go out of state and onto interstate connecting bridges to perform work. The current contract amount will increase from \$389,003 to \$392,775.

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

THAT, Change No. 6 to Contract No. 10918 with Pete Mitchell & Associates, Inc. in an estimated funded amount of \$3,772, as outlined in the foregoing preamble, is approved; and further,

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

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 4 to Contract No. 11013, Line Clearance, with Blume Tree Services, at no additional cost.

The project scope is to trim and/or remove all trees and brush, to perform other utility forestry services, including chemical spraying, right-of-way clearing, cleaning up and disposing of material, and to provide clearance for the wires of MLGW. This change is to add the Vermeer mower with Feacon head to the list of equipment that Blume will make available upon request. The addition of this piece of equipment will not increase the award amount of the contract. The current contract amount is \$33,793,917.01.

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

THAT, Change No. 4 to Contract No. 11013 with Blume Tree Services at no additional cost, as outlined in the foregoing preamble, is approved; and further,

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

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 5 to Contract No. 11018, Trash Removal Services, with Waste Connection of Tennessee, Inc., to request additional funds for the current renewal period in an estimated funded amount of \$40,000.

The project scope has changed to add funds to the current contract term due to an increase in the number of trash removal service calls to the Work Centers and Electric Operations. The new contract amount is \$377,523.94.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 5 to Contract No. 11018 with Waste Connection of Tennessee, Inc., in an estimated funded amount of \$40,000, as outlined in the foregoing preamble, is approved; and further,

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

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 11109, System Furniture, with Corporate Express, Inc., to allocate additional funds and to renew

the contract for the first of four renewal terms beginning September 20, 2007 to September 19, 2008, in an estimated funded amount of \$463,000.

The project scope is to furnish and install chairs and system furniture at various MLGW locations. Additional funds of \$125,000 are needed to cover non-budgeted reorganizational requests and \$338,000 for the renewal which includes a 4% increase in factory prices beginning September 20, 2007 to September 19, 2008. The new contract amount is \$692,940.76.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 11109 with Corporate Express, Inc., in an estimated funded amount of \$463,000, as outlined in the foregoing preamble, is approved; and further,

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

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 2 to Contract No. 11131, Transmission Line Construction for Substation 79 and Substation 86, with Dillard Smith Construction Company in the funded amount of \$78,472.72.

The project scope has changed to allow Dillard Smith to cover the cost of lost time for crews and equipment due to construction delays as a result of late deliveries and fabrication issues by Valmont Industries, MLGW's pole supplier for this project. Valmont Industries has agreed to compensate MLGW for recuperative costs in the form of a credit memo in the amount of this change order against the final invoices billed to Purchase Order No. 127519. The new contract amount is \$2,379,474.51.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 11131 with Dillard Smith Construction Company in the funded amount of \$78,472.72 as outlined in the foregoing preamble is approved; and further,

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

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for the purchase of electro-fusion

pipe fittings (sizes range 1"-8") which replenishes inventory material for distribution and/or contract crews to install and/or maintain the natural gas system.

Bids were received on May 16, 2007. The lowest and best complying bidder of two bidders being the firms of CGS, Inc. for five items, and M. T. Deason Company, Inc. for 11 items. The total of all items is \$82,634.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to CGS, Inc. and M. T. Deason Company, Inc. is approved for furnishing:

5 – Electro-fusion fittings, i.e. couplings and reducers, sizes range 1"- 8" in the amount of \$32,401

11- Electro-fusion fittings, i.e. tapping tees, sizes range 1"- 8" in the amount of \$50,233

totaling \$82,634; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in one week.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for the purchase of coupling capacitor voltage transformers for new construction of Substation 85.

Bids were opened on July 10, 2007 with the lowest and best complying bidder of three bidders being the firm of Trench Limited c/o Jeanes Enterprises, in the amount of \$37,140.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Trench Limited c/o Jeanes Enterprises is approved for furnishing:

6- 161 kV, 750 kV BIL, 4300 pF coupling capacitor voltage transformers at \$6,190 each

totaling \$37,140; f.o.b. Memphis, Tennessee, transportation prepaid our dock, said prices being firm; delivery 28-30 weeks, after receipt of order.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for the purchase of truck-mounted hydraulic digger derricks which are used by distribution crews when installing and or maintaining electric, gas and water systems. This equipment replaces existing equipment that will be retired.

Bids were opened on June 27, 2007. Ten bids were solicited. The lowest and best complying bids of two bidders, being the firms of Terex Utilities for one item in the amount of \$94,739 and Altec Industries, Inc. for two items in the amount of \$219,035, for a total amount of \$313,774.

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

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

1 – Terex Telelect Model XL4047 truck-mounted hydraulic derrick with hydraulic hole digger and a maximum load capacity of at least 12,000 pounds to be rear-mounted on a single axle cab and chassis supplied by MLGW with 31,000-pound GVW rating and a 102” cab-to-axle dimension, all in accordance with MLGW Specification No. TDD-07-3250, at \$94,739 each; and further,

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

1 – Altec Model D2050-TR truck-mounted hydraulic derrick with hydraulic hole digger and a maximum load capacity of at least 28,000 pounds to be rear mounted on a tandem axle cab and chassis supplied by MLGW with 54,000-pound GVW rating and a 138” cab-to-axle dimension, all in accordance with MLGW Specification No. TDD-07-3270, at \$105,735 each,

1 – Altec Model D3055-TR truck-mounted hydraulic derrick with hydraulic hole digger, to be rear mounted on a tandem axle cab and chassis supplied by MLGW with 54,000-pound GVW rating and a 138 inch cab-to-axle dimension, all in accordance with MLGW Specification No. TDD-07-3290, at \$113,300 each,

totaling \$219,035; f.o.b. Memphis, Tennessee, transportation prepaid our dock; said prices being firm; delivery 280-310 days after receipt of order.

The total of all awards amounts to \$313,774.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of contract for the purchase of two latest model four-wheel tractors with rotary mower and a 72” cutting swath to be used by the Building Services and Grounds Department for the purpose of maintaining various MLGW properties.

Bids were solicited on August 6, 2007 with the lowest and best complying bidder of three bidders being the firm of Bartlett Small Engines in the amount of \$26,500.

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract to Bartlett Small Engines is approved for furnishing the following:

2 - Grasshopper tractors Model # 932/9772 with rotary mower capable of 72" cutting swath at \$13,250 each

totaling \$26,500.; f.o.b. Memphis, Tennessee, our dock, transportation prepaid and add; said price being firm; delivery in 10 days, ARO.

13. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners that it ratify the award of emergency Purchase Order No.131714 for the rental of one 500-ton crane with one operator, one oiler, three riggers and three tractor trailers with drivers to replace the failed 161/23 kV transformer at Substation No. 43. The station was operating at the firm station capacity of 125 MVA (100%) electrical load at the time of the failure. Planning Engineering and Systems Operations concluded that due to the 100% load of adjacent substations the load could not be switched and that the remaining two transformers were underrated to meet the load demand. Due to the critical nature of this failure and the possibility of thousands of customers being affected, an emergency purchase order was placed to secure the necessary equipment to facilitate the replacement.

The purchase order was issued to Barnhart Crane & Rigging who had previously been awarded an order for a similar emergency failure replacement in 2006 and had the only equipment available with a large enough capacity to do the work.

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

THAT, Award of emergency purchase order to Barnhart Crane and Rigging as outlined below is ratified and will be sent to the Council of the City of Memphis for ratification for furnishing:

1 – 500-ton crane with one operator, one oiler, three riggers and three tractor trailers with drivers in the amount of \$52,495; Net 30 days after date of invoice.

14. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for the purchase of a Corporate Removable Storage LAN Backup/Restoration System Upgrade.

Bids were opened on July 18, 2007 with the lowest and best complying bidder of three bidders being the firm of Fujitsu Computer Systems in the amount of \$120,437. This equipment and software will reduce unnecessary traffic to MLGW's

network, increase the ability to restore massive server outages, and relieve overload on the current backup system.

Furthermore, the expedited procurement request is necessary due to the critical nature of the specified equipment and the current risk of losing and/or postponing access to valuable corporate data.

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

THAT, Award of contract to Fujitsu Computer Systems as outlined below is ratified and will be sent to the Council of the City of Memphis for ratification for furnishing:

6 – IBM LTO-3 2GB storage networked FC tape drives, to be furnished in accordance with MLGW specifications, at \$15,750 each

1 – Scalar I2000 authorization licensing key, to be furnished in accordance with MLGW specifications, at \$9,100 each

4 – 30M optical multi-mode cable, to be furnished in accordance with MLGW specifications, at \$178 each

Cost of installation of above equipment, to be furnished in accordance with MLGW specifications, at \$4,025

Cost of integration of above equipment, to be furnished in accordance with MLGW specifications, at \$12,000

Cost of freight of above equipment, at \$100

totaling \$120,437; f.o.b. Memphis, Tennessee, our dock, transportation prepaid; said price being firm; delivery in 10 days, ARO.

15. The Vice President, Human Resources submitted for Board approval a rate schedule for the Employee Compensation Consulting Firm of HAY Group, Incorporated, for compensation administration/management services rendered concerning surveys, benchmarking, plan design, strategy and other industry-related compensation matters uniquely related to the utility industry.

The Vice President, Human Resources recommends that employment of HAY Group, Incorporated, on an as-needed basis at the following hourly rate:

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|------------|-------|
| Consultant | \$125 |
|------------|-------|

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, HAY Group, Incorporated, shall be employed on an as-needed basis at the hourly rate set forth in the foregoing preamble.

16. The Vice President, Human Resources submitted for Board approval a rate schedule for the law firm of Weintraub, Stock & Grisham, P.C., for legal services rendered concerning labor relations, employee relations, litigation and other legal matters uniquely related to the utility industry.

The Vice President, Human Resources recommends that employment of Weintraub, Stock & Grisham, P.C. on an as-needed basis at the following hourly rates:

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|-----------|-------|
| Attorney | \$250 |
| Associate | \$195 |
| Law Clerk | \$100 |

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, the firm of Weintraub, Stock & Grisham, P.C., shall be employed on an as-needed basis at the hourly rates set forth in the foregoing preamble.

17. The Vice President, Human Resources submitted for Board approval a rate schedule for the law firm of Ford & Harrison, LLP, for legal services rendered concerning labor relations, employee relations, litigation and other legal matters uniquely related to the utility industry.

The Vice President, Human Resources recommends that employment of Ford & Harrison, LLP, on an as-needed basis at the following hourly rate:

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|----------|-------|
| Attorney | \$365 |
|----------|-------|

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

THAT, Subject to the consent and approval of the Council of the City of Memphis, the firm of Ford & Harrison, LLP, shall be employed on an as-needed basis at the hourly rate set forth in the foregoing preamble.

18. The Vice President, Human Resources submitted for Board approval a rate schedule for the Employee Benefits Firm of Aon Consulting, Incorporated, for insurance and risk management services rendered concerning research, market benchmarking, and other industry-related benefit matters uniquely related to the utility industry.

The Vice President, Human Resources recommends that employment of Aon Consulting, Incorporated, on an as-needed basis at the following hourly rates:

| | |
|-------------------|-------|
| Senior Consultant | \$365 |
| Actuary | \$400 |
| Specialist | \$225 |

Position No. 02424, Gas Fitter Apprentice
 Position No. 02720, Computer Software Specialist II
 Position No. 03354, Utility Worker I
 Position No. 05128, Accountant I
 Position No. 05709, Planning Engineer II

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

THAT, Position numbers 00266, 01144, 01373, 02002, 02424, 02720, 03354, 05128 and 05709, as listed in the foregoing preamble, are approved.

22. The Acting Vice President, Construction and Maintenance presented for approval of the Board W. R. No. C2I76132 in the amount of \$34,217, to replace equipment #3126, a 1996 Dodge ½ ton pickup and equipment #6534, a 2001 Dodge ¾ ton pickup, which were involved in an accident.

Funds will be taken from 2007 Budget Line Item 28-4 on W. R. No. C2I73111.

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

THAT, W. R. No. C2I76132 in the amount of \$34,217 as outlined in the foregoing preamble is approved.

23. By unanimous consent, Item No. 23, approval of W. R. No. C1I73644 in the amount of \$2,000,000, was deleted from the agenda.

24. By unanimous consent, Item No. 24, approval of purchase of property from Whitten Partners, LTD in the amount of \$2,000,000, was deleted from the agenda.

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

PORTION of an 8-foot-wide electric distribution utility easement as recorded in Book 3030, Page 441 in the Register's Office of Shelby County, Tennessee across a tract of land described under Instrument Number 05197951 in the Register's Office of Shelby County, Tennessee to Lakeland Lots, GP or their successors in title for the sum of \$1.00.

Property located on the northwesterly side of Old Brownsville Road, approximately 159.87 feet northeastwardly from the centerline of Brunswick Road.

PORTION of an 8-foot wide electric distribution utility easement as recorded in Book 1676, Page 584 in the Register's Office of Shelby County, Tennessee across a tract of land described under Instrument Number 05197951 in the Register's Office of Shelby County, Tennessee to Lakeland Lots, GP or their successors in title for the sum of \$1.00

Property located on the northwesterly side of Old Brownsville Road, approximately 159.87 feet northeastwardly from the centerline of Brunswick Road.

PORTION of an 8-foot wide electric distribution utility easement as recorded in Book 2114, Page 242 in the Register's Office of Shelby County, Tennessee across a tract of land described under Instrument Number 05197951 in the Register's Office of Shelby County Tennessee to Lakeland Lots, GP or their successors in title for the sum of \$1.00.

Property located on the northwesterly side of Old Brownsville Road, approximately 159.87 feet northeastwardly from the centerline of Brunswick Road.

A 10-foot wide electric distribution utility easement recorded under Instrument Number DY-2446 in the Register's Office of Shelby County, Tennessee across a parcel of land described in Instrument Number 05057826 in the Register's Office of Shelby County, Tennessee to Riverside Bluffs, LLC, or its successor in title for the sum of \$1.00.

Property is located on the northwest corner of Riverside Drive and Channel 3 Drive.

AN 8-foot wide electric distribution utility easement by deed of record as described in Book 6276 Page 42 in the Register's office of Shelby County, Tennessee across a parcel of land described under Instrument Number F3-0131 as recorded in the Registers Office of Shelby County, Tennessee to Belz Investment Company or their successors in title for the sum of \$1.00

Property located on the North side of Winchester Road, approximately 326 feet east of the east line of U.S. Highway 51 South.

It was moved by Commissioner Clark, seconded by Vice Chairman Evans 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.

26. WHEREAS, Memphis Light, Gas and Water Division, City of Memphis, Tennessee ("MLGW") has adopted and has in force and effect a medical benefits (health and welfare) plan (the "Plan,") for its employees that includes non-pension (health and welfare) post employment benefits (the "OPEB Benefits") for retired MLGW employees and their eligible dependents (the "Retirees"); and

WHEREAS, pursuant to the terms and provisions of the Plan, it is the intent of MLGW to maintain the Plan for the benefit of its eligible employees, eligible retirees, and eligible dependents, but MLGW retains the right to amend, modify, supplement, restate, or otherwise operate and determine the operation, provisions, and administration of the Plan, in whole or in part, at any time; and

WHEREAS, the costs of the benefits provided under the Plan are shared by MLGW and the Employees and Retirees on a percentage of premium basis; and

WHEREAS, it is not the intent of MLGW to treat Retirees differently than Employees with respect to (i) participation in the Plan and (ii) the portion of costs of the benefits provided under the Plan paid by Employees; and

WHEREAS, it is the intent of MLGW that to the extent it maintains a medical benefit plan for its Employees and Retirees that the percentage of premiums to be paid by Retirees for the benefits under such plan of Retirees shall be no more than the percentage of premiums to be paid by Employees for the benefits under such plan of Employees; and

WHEREAS, effective for fiscal years beginning January 1, 2007, and thereafter the Governmental Accounting Standards Board ("GASB") has adopted standards for state and local governments and their political subdivisions to calculate and report their liability for the OPEB Benefits, and also provides standards for adoption and maintenance of a retiree health and welfare benefits trust for the exclusive purpose of pre-funding OPEB Benefits under a health and welfare plan (the "GASB 43/45 Standards"); and

WHEREAS, MLGW desires to adopt a retiree health and welfare benefits trust (the "Trust") in substantially the form and substance of the Trust presented to this meeting; and

WHEREAS, the Trust shall be irrevocable, and all funds contributed to the Trust shall be used solely for the purpose of providing funds for (i) the Benefits pursuant to and in accordance with the Plan, and (iii) the cost of operating and administering this Trust, all as provided in the terms and provisions of the Trust; and

WHEREAS, the Trust is intended to comply with all applicable GASB 43/45 Standards applicable to the Trust; and

NOW, THEREFORE, it was moved by Commissioner Clark, seconded by Vice Chairman Evans and unanimously carried:

THAT, to the extent MLGW provides a medical benefit plan for its Employees (as defined hereinabove), MLGW shall provide Retirees (as defined hereinabove) the opportunity to participate in such plan at a cost sharing basis no less favorable to Retirees than to Employees in terms of the percentage of premium costs paid by Retirees for the benefits under the plan of Retirees compared to the percentage of premium costs paid by Employees for the benefits under the plan of Employees.

THAT, nothing herein shall abrogate or otherwise affect the right of MLGW to amend, modify, supplement, restate, or otherwise operate and determine the operation, provisions, and administration of any such medical benefit plan, except that such amendment, modification, supplement, restatement, or other provision shall not affect rights of Retirees granted under paragraph (1) above with respect to the percentage of premium costs of benefits of Retirees in a manner less favorably than the effect on rights of Employees with respect to the percentage of premium costs of benefits of Employees under any such medical benefit plan maintained by MLGW.

THAT, notwithstanding anything in this Resolution, MLGW shall have the right to change medical plans, adopt new medical plans or make any changes in the terms of any medical plans which include but are not limited to the amount of premiums for applicable benefits, coverage, deductibles, co-pays, out-of-pocket expenses, healthcare provider networks and related changes. Nothing herein shall require MLGW to provide or maintain a medical benefit plan.

THAT, for purposes of this resolution, Retirees shall be those eligible retirees who are defined as a retired participant under the terms and provisions of MLGW's Pension Plan and who are entitled to a Normal Retirement Benefit, an Ordinary Disability Retirement Benefit, or a

Disability in the Line of Duty Retirement Benefit under the terms and provisions of MLGW's Pension Plan.

THAT, MLGW adopt the Trust, in the form and substance of the Trust Agreement presented to this meeting, which Trust Agreement shall be executed by MLGW and this Board of Commissioners, MLGW, as Trustee.

THAT, the Trust shall be irrevocable, and Trust funds shall be used solely for the purpose of providing funds for (i) the Benefits pursuant to and in accordance with the Plan, and (iii) the cost of operating and administering this Trust, all as provided in the terms and provisions of the Trust Agreement.

THAT, the Board of Commissioners, MLGW, shall serve as Trustee of the Trust, to have the rights, powers and responsibilities set forth in the Trust Agreement.

THAT, an Investment Committee, to have the rights, powers, and responsibilities set forth in the Trust, is hereby appointed as provided in the Trust Agreement to consist of the following individuals: the Chairman of the Board of Commissioners of MLGW, currently Rick Masson; the President of MLGW; the Vice President Finance/Chief Financial Officer and Secretary-Treasurer of MLGW, currently John McCullough; one (1) retiree member elected by the retired MLGW employees, and one (1) current active MLGW employee elected by the current active MLGW employees.

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

SEE MINUTE FILE NO. 1296.

Secretary-Treasurer