

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
March 2, 2006

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held in the Board room of the Administration Building, 220 South Main Street, Thursday, March 2, 2006 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; Nick Clark, Commissioner; William L. Taylor, Commissioner; James L. Russell, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Odell Horton, Jr., Vice President and General Counsel; Christopher Bieber, Vice President, Engineering; Carolyn Turman, Interim Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Diana Veazey, Vice President, Construction and Maintenance and Alonzo Weaver, Vice President, Customer 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 February 16, 2006, 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, as follows:

Resolution dated February 7, 2006, Item No. 25 (Revised), requesting that the Board of MLGW incorporate language in the Memorandum of Understanding with the IBEW guaranteeing access to medical benefits for retirees, spouses and their eligible dependents (see Minute File No. 1278).

Resolutions dated February 21, 2006, Item Nos. 14 through 22, approving items approved by the MLGW Board at meeting held February 2, 2006 (see Minute File No. 1278); and Item No. 46, approving the selection of Mr. Armstead Ward as Vice President, Human Resources, approved by the MLGW Board at meeting held January 19, 2006 (see Minute File No. 1277).

The Secretary-Treasurer updated the Board on City Council matters and the bond ratings affirmed by Standard & Poor's.

Chairman Masson announced that the Board of Light, Gas and Water Commissioners meeting of March 16, 2006, will be held at MIFA, 910 Vance Avenue.

1. The Manager, Procurement and Contracts presented for Board approval, the expenditure of funds to Nashville Electric Service on Contract C1190 Mutual Aid Agreement in the funded amount of \$66,130.88.

The Nashville Electric Service provided emergency assistance to MLGW following the August 30, 2005 storm and are due reimbursement for cost in accordance with the pre-existing Mutual Aid Agreement.

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 expenditure of funds to Nashville Electric Service in the amount of \$66,130.88 is approved; and further,

THAT, The President or his designated representative is authorized to make payment.

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11072, Employee Assistance Program, to Methodist Healthcare, Inc. beginning April 1, 2006 to March 31, 2007 in an estimated funded amount of \$28,500.

The project scope is to furnish the necessary personnel and support services required to provide the services of counselors and/or consultants to assist MLGW employees and family members with alcohol, drugs, emotional and other personal problems. This award is for one year with the option to renew for two one-year terms.

Two bids were received on October 7, 2005 for the Employee Assistance Program, Contract No. 11072, with the lowest and best bid being submitted by Methodist Healthcare, Inc.

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 No. 11072 to Methodist Healthcare, Inc in an

estimated funded amount of \$28,500, as outlined in the foregoing preamble, is approved; and further,

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

3. By unanimous consent, Item No. 3, Change No. 15 to Contract No. 10780, Electric Construction and Maintenance, with Allied Electrical Contractors, Inc. in an estimated funded amount of \$4,191,095.94, was deleted from the agenda.

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 1 to Contract No. 11028, Security Services, with CDA, Inc. to cover additional manpower expenses and to renew the contract for the first term beginning April 1, 2006 to March 31, 2007, in an estimated funded amount of \$2,357,164.18.

The project scope is to provide daily security services at various MLGW locations. This is the first of four renewals beginning April 1, 2006 to March 31, 2007. Additionally, this change is to cover additional manpower expenses by reclassifying the fifth floor and the training center unarmed officers to console positions, add a second armed officer position at Brunswick Service Center, add an unarmed construction officer position (only as needed) to staff construction sites with a pay rate of \$10.20 and a bill rate of \$13.96 per hour and change the pay rate of CDA lieutenants to \$13.50 per hour with a bill rate of \$17.60 per hour. The new contract amount is \$4,407,646.30.

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. 11028 with CDA, Inc. in an estimated funded amount of \$2,357,164.18, as outlined in the foregoing preamble, is approved; and further,

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

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 1 to Contract No. 11055, Filter Building Improvements at Morton Station, with Chris Hill Construction Company, LLC to change the scope to perform emergency filter repair in the funded amount of \$72,900.

The project scope has changed to repair an under drain failure to a filter at McCord Pumping Station, causing a 25% reduction in water treatment capacity. Summer water demand requires more than 75% capacity of this pumping station; therefore the filter must be repaired before June of this year to ensure an adequate supply of water to the McCord service area. The new contract amount is \$379,940.

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

THAT, Subject to the ratification of the Council of the City of Memphis, Change No. 1 to Contract No. 11055 with Chris Hill Construction Company, LLC in the funded amount of \$72,900, 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 award of purchase of one S&C Electric pad mounted source transfer switch PMH-9 which will allow an automatic change when there is an outage on preferred circuits utilized by emergency facilities.

Bids were opened on February 10, 2006. The only bidder was the firm of Tennessee Valley Electric Supply Company in the amount of \$46,690.

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 Tennessee Valley Electric Supply Company is approved for furnishing:

1 – S&C Electric catalog #56253R1-K2-Y2-Y8, pad mounted source transfer switch PMH-9

totaling \$46,690 approximately; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 24-26 weeks.

7. The Vice President, Customer Operations, submitted for consideration of the Board a request to provide a grant to Habitat for Humanity of Greater Memphis, Inc., value not to exceed \$24,050, for the purchase and installation of energy efficiency upgrades for 10 habitat homes to be constructed in 2006 under MLGW's EcoBUILD green building program. Funds will cover the added cost for required upgrades that help to reduce household energy consumption by approximately 30%. In exchange, Habitat

will promote MLGW's sponsorship, generating awareness for the EcoBUILD program and residential energy efficiency measures.

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

THAT, The agreement between MLGW and Habitat for Humanity of Greater Memphis, Inc., as outlined in the foregoing preamble, is approved.

8. The President submitted for approval of the Board position numbers 00340, 02433, 03242, 04131 and 04557, as listed on the attached documents. (See Minute File No. 1279.)

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

THAT, Position numbers 00340, 02433, 03242, 04131 and 04557, as listed on the attached documents, are approved.

9. The Manager, Electric Engineering presented for consideration of the Board approval to acquire easement rights for an electric transmission line from David L. Murrelle, Jr. for a proposed transmission line circuit tie between proposed Substation 91 and Substation 65, said property being shown on the attached plat (see Minute File No. 1279) and more particularly described as follows:

This easement is a tract of land conveyed to David L. Murrelle, Jr., by deed of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Number Y7-8207 and designated as Parcel 1, and being the same property as shown on the attached plat prepared by Ollar Surveying Company, dated March 25, 2005, attached and made a part hereof.

Said easement is described in metes and bounds as prepared by Ollar Surveying Company and shown on Page 3 and made a part hereof.

Property is located on the southwest corner of Millington-Arlington and Brunswick Road.

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

THAT, Purchase of the easement described in the above preamble from David L. Murrelle, Jr. for and in consideration of \$22,170, to be funded from the Electric Division included in the 2006 Budget is approved; and further,

THAT, The President or his designated representatives be and are hereby authorized to purchase the easement described in the above preamble.

10. The Manager of Electric Engineering presented for consideration of the Board approval to purchase the following described easement from CMH Farms, LLC,

for a proposed 225 foot wide electric transmission line easement, said easement being shown on the attached sketch (see Minute File No. 1279) and more particularly described as follows:

This easement is across a tract of land conveyed to CMH Farms, LLC, by deed of record as described in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Number 04092284, and being the same property as shown on the attached plat prepared by Ollar Surveying Company and dated February 10, 2005 and made a part hereof.

Said easement is described in metes and bounds as prepared by Ollar Surveying Company and shown on Page 3 of this easement contract and made a part hereof.

Property located on the easterly side of Stewart Road; approximately 1950 feet south of the south line of Paul Barret Parkway as measured along the easterly line of Stewart Road.

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

THAT, The Board of Light, Gas and Water Commissioners recommends to the Council of the City of Memphis, the purchase of the easement described in the above preamble from CMH Farms, LLC, for and in consideration of \$110,000 to be funded from the Electric Division included in the 2005 Budget; and further,

THAT, The President or his designated representatives be and are hereby authorized to purchase the easement described in the above preamble.

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

A 75-foot-wide Memphis Light, Gas and Water transmission line easement recorded under Instrument Number 02142993 in the Register's Office of Shelby County, Tennessee across a tract of land described by Will Book 67, Page 294 in the Probate Court Clerk's Office of Shelby County, Tennessee and being the same property described by deeds of record in Book 1557, Page 468; Book 1637, Page 232 and Book 1647, Page 455 in the Register's Office of Shelby County, Tennessee to Jane Isbell Haynes, Elizabeth F. Haynes Burnett, Barton F. Haynes and Mary Ford Haynes Gardner, or their successors in title, in exchange for the grant of another transmission easement.

Property is located on the northwest corner of Bailey Station Road and Nonconnah Parkway.

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

THAT, Release of the easement across the above described property 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 easement to the current property owner(s) in exchange for the grant of another transmission easement.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of URD secondary cable which replenishes inventory material for distribution and/or contract crews to install and/or maintain electric system. Order quantities are based upon previous usage records and projected projects that will be scheduled during the next 36 months. During the length of this contract, quantities will be driven based on actual need for URD secondary cable.

Bids were opened on January 4, 2006. The lowest and best complying bidder of 12 bidders was the firm of Prysmian Cables and Systems. The approximate total for all items is \$4,497,310.

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 is approved as follows:

Blanket contract for a 36-month period for providing URD secondary cable to be furnished by Prysmian Cables and Systems as released by MLGW. If a need for additional items of these groups of materials or design changes to existing items is identified during the period of this contract, supplier will be requested to add the new items or make changes to the existing items on the contract at a price agreeable to both MLGW and the supplier. A copy of all unit prices to be placed on file in MLGW's Accounting Department.

the total award for 36 months amounts to approximately \$4,497,310 f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for the first 12-month period with a maximum increase of 2% per subsequent 12-month period with metals escalation/de-escalation to be applied over the 36-month period as applicable; terms are Net 30 days; delivery as required.

13. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 2 to Contract No. 10985, Master Lease and License Agreement, with SkillSoft Corporation, to increase the contract value due to the inclusion of taxes in Change No. 1 in the funded amount of 494.90.

The project scope has changed to increase the contract value due to the inclusion of taxes in Change No. 1. Under Change No. 1, SkillSoft provided a credit for the unused portion of training for the period January 1, 2006 to March 15, 2006. The amount of the credit is \$6,593.75, rather than \$7,088.65, as stated in Change No. 1. The

lower credit amount resulted in a contract increase of \$494.90. The new contract value is \$136,506.25.

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

THAT, Change No. 2 to Contract No. 10985 with SkillSoft Corporation in the funded amount of \$494.90, as outlined in the foregoing preamble, is approved; and further,

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

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

SEE MINUTE FILE NO. 1279.

Secretary-Treasurer