

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
September 21, 2006

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held at the Memphis Board of Education, Auditorium, 2597 Avery, Thursday, September 21, 2006 at 5:00 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; James L. Russell, Commissioner; Nick Clark, Commissioner; William L. Taylor, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Odell Horton, Jr., Vice President and General Counsel; Alonzo Weaver, Vice President, Customer Operations; Christopher Bieber, Vice President, Engineering; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Diana Veazey, Vice President, Construction and Maintenance was not in attendance.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held September 7, 2006, that they be recorded as the official record, seconded by Vice Chairman Evans and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated September 5, 2006, Item Nos. 11 through 19, and Item No. 44, approving items approved by the MLGW Board at its meeting held August 17, 2006 (See Minute File No. 1284).

Keith Johnson, President and CEO, YMCA; Ron Levy, Director, Community Outreach Education; and Davis YMCA Teen Achievers, made a presentation to the Board.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11127, Laboratory Information Management System to Lablite, Inc., in the funded amount of 73,500.

The project scope is to provide a Laboratory Information Management System for MLGWs' Water Quality Assurance Laboratory. The System will be utilized

to automate/computerize a wide range of laboratory operations from sample login, sample receipt, data entry, validation, approval and reporting to meet Environmental Protection Agency standards for increase sampling quantities without increasing staffing levels. It is further requested that the staff be authorized to continue to purchase yearly software maintenance provided the fee does not increase more than 10% over the prior year cost. The maintenance cost after year one is \$3,700.

Two proposals were opened on July 28, 2006 for Contract No. 11127, Laboratory Information Management System with the lowest and best proposal of two proposals being Lablite, 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. 11127 to Lablite, Inc., in the funded amount of \$73,500, 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, an Expedited Procurement Request, Change No. 9 to Contract No. 10737, Courier Services with Express Courier, Inc. to request additional funds to pay pending invoices in an estimated funded amount of \$20,000 until a new contract goes into effect.

The project scope has changed because the initial budgeted funds for the Courier Contract have been exhausted due to the new Contractor not being able to acquire a Performance Bond before the current contract had expired. Therefore additional funds are requested in an estimated funded amount of \$20,000 to pay pending invoices until a new contract goes into effect. The new Contract amount is \$664,922.19.

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

THAT, Change No. 9 to Contract No. 10737 with Express Courier, Inc. in an estimated funded amount of \$20,000, 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 presented for consideration of the Board Amendment No. 1 to Contract No. 11004, Implementation of Oracle Human Resources and Payroll with KBACE Technologies, Inc.

This amendment is necessary to inform the Board that MLGW will exercise its option to purchase the KBX Data Management Suite License and annual support as approved by the Board on May 19, 2005. The license fee will be \$37,500 and the annual support will be \$11,250 with a 15% cap for ongoing yearly support as outlined in the Contract.

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

THAT, Amendment No. 1 to Contract No. 11004, be approved as outlined in the foregoing preamble; and further,

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

4. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 1 to Contract No. 11046, Emergency Generator and Tank for Morton Station with Tri-State Armature & Electric Works, Inc., to increase the contract value due to increased cost for the 1500 KVA transformer, control wire, 5KV conductors and new cable tray system for control wiring in the basement for the funded amount of \$34,439.

The project scope has changed to allow Tri-State Armature & Electric Works to increase the contract price by \$27,443 for the 1500 KVA transformer, control wire and 5KV conductors due to rising cost of copper and oil prices. The additional cable tray system needed for control wiring in basement is \$6,996. The new contract amount is \$1,672,189.

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. 11046 with Tri-State Armature & Electric Works, Inc., in the funded amount of \$34,439, 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 requested the Board's permission to amend Purchase Order Number 121390 with M & S Concrete for concrete standards as budgeted for 2006. All existing customer terms and conditions will remain the same.

On January 22, 2004, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for concrete standards. The original award amount was approximately \$520,800 with firm prices for the length of the contract with quantities driven by actual need for concrete standards. The usage increased due to a pickup in construction and maintenance jobs which resulted in an overage of \$23,500. Total expenditures to date on this contract are \$544,300. An additional approval in the amount of \$160,000 is requested to allow MLGW to release the concrete standards required for MLGW stock and scheduled jobs for the remainder of 2006 and 2007. This will bring the total approved amount to \$704,300.

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, Purchase Order Number 121390 be amended as outlined in the foregoing preamble.

6. The Manager, Procurement and Contracts requested the Board's permission to amend Purchase Order Number 121391 with CPI Concrete for concrete standards as budgeted for 2006. All existing customer terms and conditions will remain the same.

On January 22, 2004, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for concrete standards. The original award amount was approximately \$357,928 with firm prices for the length of the contract with quantities driven by actual need for concrete standards. The usage increased due to a pickup in construction and maintenance jobs which resulted in an overage of \$13,754.50. Total expenditures to date on this contract are \$371,682.50. An additional approval in the amount of \$120,000 is requested to allow MLGW to release the concrete standards required for MLGW stock and scheduled jobs for the remainder of 2006 and 2007. This will bring the total approved amount to \$491,682.50.

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, Purchase Order Number 121391 be amended as outlined in the foregoing preamble.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the sale of used transformers and regulators.

Offers were opened on September 6, 2006. The highest and best complying bidder of five offers was the firm of Trans-Cycle Industries, Inc. in the amount of \$161,079.09.

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

THAT, The offer from Trans-Cycle Industries, Inc. be, and is hereby, accepted as follows:

approximately 11 units of used transformers and regulators, at a total of \$161,079.09 which and, further, that release of these scrap units will be in accordance with MLGW bidding requirements dated August 7, 2006, a copy of which will be placed on file in the Division's General Accounting department.

8. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of non-excavatable flowable fill which is used by Distribution Support crews to maintain electric, gas and water systems for use as backfill and blocking material. 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 non-excavatable flowable fill.

Bids were opened on August 23, 2006. The lowest and best complying bidder of four bidders was the firm of Lone Star Industries. The approximate total for all items is \$575,410.

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 as follows is approved furnishing:

Blanket contract for a thirty-six (36) month period for providing non-excavatable flowable fill to be furnished by Lone Star Industries as

released by MLGW. A copy of all unit prices to be placed on file in MLGW's Accounting Department; and further,

The total award for thirty-six (36) months amounts to approximately \$575,410 f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm for the first twelve (12) month period with a maximum increase of 7.5% for year two and 6% for year three; terms are Net 30 days; delivery as required.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of seven (7) – capacitor banks to be used to increase system capacity by maintaining the power factor, regulate system voltage and reduce system losses.

Bids were opened on September 8, 2006. The most responsive bidder of three bidders was the firm of Stuart C. Irby in the amount of \$42,838.95.

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 with Stuart C. Irby is approved for furnishing:

7 – Maysteel model# CB18LSXBO241XA - 1800 KVAR, 3 phase overhead capacitor banks in accordance with MLGW specification 40-28XX dated August 31, 1992 at \$6,119.85 each

totaling \$42,838.95; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery in 19 weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of SONET Multiplexer in order to upgrade forty-six (46) existing multiplexer modules from OC-3 to OC-12, and the purchase of additional modules will allow different communication signals to utilize the same paths.

Bids were opened on August 2, 2006. Although four bids were solicited, only one bid was received. The lowest and best complying bidder of one bidder was the firm of General Electric in the amount of \$193,462.

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 with General Electric is approved for furnishing:

Upgrade forty-six (46) existing modules from OC-3 to OC-12, and the purchase of additional modules will allow different communication signals to utilize the same paths.

totaling \$193,462; f.o.b. Memphis, Tennessee, transportation prepaid and add; said prices being firm; delivery in 10 weeks.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of approximately 72,000' polyethylene jacketed cable.

Bids were received on June 28, 2006. The lowest and best complying bidder of three bidders was the firm of AFL Telecommunications LLC, in the amount of \$113,760.

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

THAT, Subject to the consent and approval of the Memphis City Council, award of contract with AFL Telecommunications LLC is approved for furnishing:

72,000' (approximately) of polyethylene jacketed cable which will be used for communications purposes to transmit voice and data to and from various MLGW locations; and further,

totaling \$113,760; f.o.b. Memphis, Tennessee, transportation prepaid and allowed; said prices being firm; delivery in 5 to 7 weeks ARO.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of under deck air compressors 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 August 23, 2006. Although six bids were solicited, one bid was received from the firm of Scruggs Equipment Co., Inc. in the amount of \$59,992.

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 with Scruggs Equipment Co., Inc. is approved for furnishing:

4 – Latest model combination under deck P.T.O. driven rotary screw air compressors and generators installed on cab and chassis to be supplied by the Division, all in accordance with MLGW Specification No. TAUG-06-0330, at \$14,998.00 each,

totaling \$59,992; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery 45-60 days after receipt of order.

13. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of AC high-voltage circuit breakers, for replacement of existing equipment at Substations #'s 1,2,3,4 and 7.

Bids were opened on May 31, 2006. Ten bids were solicited. The lowest and best complying bidder of three bidders was the firm of Siemens PT&D, Inc. C/O Utility Sales Agency, Inc., in the amount of \$352,950.

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 with Siemens PT&D, Inc. C/O Utility Sales Agency, Inc. is approved for furnishing:

7 – AC high-voltage circuit breakers; 38 kV, 1200 ampere, 40 kA, all in complete accordance with MLGW Specification dated January 20, 2006 and Data Sheet “B4N”, at \$34,995 each, and

2 – AC high-voltage circuit breakers; 38 kV, 2000 ampere, 40 kA, all in complete accordance with MLGW Specification dated January 20, 2006 and Data Sheet “B4Q”, at \$35,995 each, and

1 – AC high-voltage circuit breaker; 72.5 kV, 1200 ampere, 40 kA, all in complete accordance with MLGW Specification dated January 20, 2006 and Data Sheet “C4NC”, at \$35,995 each, and

totaling \$352,950; f.o.b. Memphis, Tennessee, transportation prepaid; said prices firm; delivery 15 weeks after receipt of order.

14. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of forklift trucks which are used to receive, store and issue material used by crews to maintain electric, gas and water systems. This equipment replaces existing equipment that will be retired.

Bids were opened on August 23, 2006. The lowest and best complying bidders of seven bidders being the firms of Barloworld Handling for one item, Shaw Material Handling Systems for one item and Grady W. Jones Company for one item. The total for all items is \$85,667.

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

THAT, Subject to the consent and approval of the Memphis City Council, award of contract with Barloworld Handling is approved for furnishing:

1 – latest model electric stand-up counterbalanced type forklift truck having a rated capacity of at least 3,000 pounds at 24 inch load center, all in accordance with MLGW Specification No. TEFL-06-0462, at \$27,350 each,

totaling \$27,350; f.o.b. Memphis, Tennessee, transportation prepaid, said prices being firm; with delivery 16 weeks after receipt of order; and further,

Shaw Material Handling Systems be, and is hereby, awarded contract for furnishing the Division with:

1 – latest model electric powered rider type forklift truck having a rated capacity of at least 5,000 pounds at 24 inch load center, all in accordance with MLGW Specification No. TEFL-06-0465, at \$24,817 each,

totaling \$24,817; f.o.b. Memphis, Tennessee, transportation prepaid, said prices being firm; with delivery 14 weeks after receipt of order; and further,

Grady W. Jones Company be, and is hereby, awarded contract for furnishing the Division with:

1 – latest model diesel powered rider type forklift truck having a rated capacity of at least 9,000 pounds at 24 inch load center, all in accordance with MLGW Specification No. TDFL-06-0480, at \$33,500 each,

totaling \$33,500; f.o.b. Memphis, Tennessee, transportation prepaid, said prices being firm; with delivery 14 weeks after receipt of order; and further,

The total of all awards amounts to \$85,667.

15. The Manager, Procurement and Contracts submitted for consideration of the Board analysis of bids received up to 4 o'clock p.m., Tuesday, June 27, 2006 for furnishing the Division with one SONET Multiplexer.

The Manager, Procurement and Contracts advised the Board that although three bids were solicited, one bid was received; the specification was not complete and did not include some pertinent requirements. It is therefore her recommendation that the bids received be rejected and re-bid at a later time.

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

THAT, The bids for furnishing the Division with one SONET Multiplexer be, and are hereby rejected.

16. The Manager, Procurement and Contracts submitted for consideration of the Board analysis of bids received up to 4 o'clock p.m. Tuesday, June 27, 2006 for furnishing the Division with one UPS and Rectifier System.

The Manager, Procurement and Contracts advised the Board that seven bids were received; the specification was not complete and did not include some pertinent requirements. It is therefore her recommendation that the bids received be rejected and re-bid at a later time.

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

THAT, The bids for furnishing the Division with one UPS and Rectifier System be, and are hereby rejected.

17. The Division now has on hand for disposal approximately 125 units of used vehicles and equipment that are no longer required for use by MLGW, having been either recently replaced with new equipment or dead-lined without replacement at this time, including such items as: pick-up trucks, vans, trailers and various items of construction equipment.

Authority to dispose of this equipment at public auction to be held November 4, 2006, is requested.

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

THAT, The Supervisor of Purchasing be, and is hereby, authorized and instructed to proceed with disposal of the used vehicles and equipment referred to in the above preamble, by public auction to be conducted by the Division's personnel, but with the assistance of two professional auctioneers from Tennessee Valley Authority with payment made for approximately 34 hours at \$60 per hour and expenses only, said auction to be held at 10:00 a.m., Saturday, November 4, 2006, unless something unforeseen, such as extremely inclement weather, should necessitate changing this date, with full listing of equipment sold and amount received to be placed on file in the Management Accounting department.

18. The Manager, Procurement and Contracts request the Board's permission to amend Purchase Order Number 123325 with American Electric Lighting for luminaries budgeted for 2006. All existing customer terms and conditions will remain the same.

On September 16, 2004, the Board of Light, Gas and Water Commissioners approved the award of a 36-month contract for luminaries. The original award amount was approximately \$632,946.72, with firm prices for the first twelve month period with a 3% maximum escalation for material in years two and three. The request is needed to complete the final phase of the Countrywood annexation which is to

be completed by the end of December 2006 and other projects that may arise. This project consists of the installation of approximately 2,600 luminaries resulting in a higher anticipated demand. Total expenditures to date on this contract are \$626,925.72 with a balance of \$6,021. Therefore, an additional approval in the amount of \$1,289,554.72 is requested to allow MLGW to release the luminaries required for MLGW stock and scheduled jobs for the remainder of 2006 and 2007. This will bring the total approved amount to \$1,922,501.44.

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, Purchase Order Number 123325 be amended as outlined in the foregoing preamble.

19. The President submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1285):

Position No. 02131, Machine Operator (Street Repair)
Position No. 03213, Crew Leader, Operator
Position No. 03739, Utility Worker II
Position No. 04975, Computer Software Specialist I
Position No. 05106, Network & Underground Transmission Engineer,
Level IV
Position No. 06121, Chief Learning Officer

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

THAT, Position numbers 02131, 03213, 03739, 04975, 05106 and 06121, as listed in the foregoing preamble, are approved.

20. The Manager, Facilities and Loss Prevention submitted for consideration of the Board payment of an invoice from Trans-Cycle Industries, Inc. for the removal and disposal of polychlorinated biphenyl (PCB) capacitors in the amount of \$41,895.

The project scope was to remove and dispose of PCB capacitors from Substations #4 and #7. This work was authorized without prior approval in order to minimize potential environmental hazards associated with PCBs that could have materialized if the normal process had been followed.

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

THAT, Subject to the ratification of the Council of the City of Memphis, payment to Trans-Cycle Industries, Inc. in the funded amount of \$41,895, as outlined in the foregoing preamble, is approved; and further,

THAT, The Secretary-Treasurer or his designated representative is hereby authorized and directed to have a check issued in the amount of \$41,895 payable to Trans-Cycle Industries, Inc.

21. The Manager, Facilities and Loss Prevention submitted for consideration of the Board payment of an invoice from Waste Management for the removal and disposal of polychlorinated biphenyl (PCB) network protectors in the amount of \$44,760.50.

The project scope was to remove and dispose of PCB network protectors from MLGW's Beaver Building. This work was authorized without prior approval in order to minimize potential environmental hazards associated with PCBs that could have materialized if the normal procurement process had been followed.

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

THAT, Subject to the ratification of the Council of the City of Memphis, payment to Waste Management in the funded amount of \$44,760.50, as outlined in the foregoing preamble, is approved; and further,

THAT, The Secretary-Treasurer or his designated representative is hereby authorized and directed to have a check issued in the amount of \$44,760.50 payable to Waste Management.

22. The Manager, Electric Engineering submitted for consideration of the Board W. R. No. C1I38214 for contract number 11152 in the amount of \$359,959 to design and install photovoltaic system at Carnes Elementary.

A portion of the funding for this project will be obtained from the 2006 Capital budget line item (12-9) in the amount of \$100,000. Additional funding will be obtained from line item (12-3) in the amount of \$259,959.

The Manager of Electric Engineering recommends to the Board the design and installation of the photovoltaic system at Carnes Elementary.

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

THAT, W. R. No. C1I38214 for Contract No.11152 in the amount of \$359,959 be approved for design and installation of the photovoltaic system.

23. Mr. Dick Gardiner, 1734 Gosnold Bluff Road, Collierville, TN appeared before the Board to discuss various matters.

24. Ms. Susan Carter, 5329 Laurie Lane, appeared before the Board to discuss various matters.

25. Ms. Doris Hillhouse, 200 Wagner Place, appeared before the Board to discuss various matters.

26. Mr. Marvin Winston, 8596 Stablemill Lane, Cordova, TN appeared before the Board to discuss various matters.

27. Ms. Mary Walters, 5850 Ardin Dr., #3, appeared before the Board to discuss various matters.

28. Mr. Bill Hawkins, Assistant Business Manager, IBEW Local 1288, 4000 Clearpool Circle, appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1285.

Secretary-Treasurer