



Board of Light, Gas and Water Commissioners

220 S. Main Street
 Memphis, TN 38103
 www.mlgw.com

Board Meeting

~ Minutes ~

Wednesday, October 5, 2022

8:30 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Vice-Chair Leon Dickson

The meeting was called to order at 8:30 a.m.

PLEDGE OF ALLEGIANCE:

Vice-Chair Leon Dickson

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Michael Pohlman	Board Member	Present	
Cheryl Pesce	Board Member	Present	
Carl Person	Board Member	Absent	
Mitch Graves	Chairman	Remote	
Leon Dickson	Vice Chair	Present	

APPROVALS:

Motion To: Approve Minutes of the Meeting of September 21, 2022.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Cheryl Pesce
SECONDER:	Michael Pohlman, Board Member
AYES:	Michael Pohlman, Cheryl Pesce, Leon Dickson
ABSENT:	Carl Person
REMOTE:	Mitch Graves (Cannot vote remotely)

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE: Dana Jeanes

Receipt of Certified Copies of City Council Resolutions dated September 27, 2022, items 12 through 18. (See Minute File No. 1474.)

PRESENTATIONS:

(None)

GENERAL STATEMENTS FROM THE PUBLIC:

1) Eric Bell, 6202 Ridge Manor Drive, addressed the board explaining that he is here today asking to be considered for rehire. He state he worked at MLGW from 2014 until 2019. He explained he resigned to further his career in a self-employed role. He added that the pandemic hurt his business. He has been told by MLGW that he is not eligible for rehire. He believes there is a breakdown in communication and seeking the opportunity for someone to evaluate his situation and allow him to return to MLGW. He

was an apprentice lineman with no disciplinary actions while he was employed at MLGW.

2) Justin Pearson, 3831 Masterson St., stated he is attending today representing the Memphis community against pipeline and pollution. He stated he attended the meeting on September 1 and heard the GDS presentation/recommendation. He expressed his concern that some of the figures were "skewed". He is asking how much time the public will have the opportunity to respond. He expressed again that he is opposed to the long-term agreement recommendation and hopes MLGW takes advantage of the tax credits.

3) Narvina Haymon, 602 Deerskin, addressed the board stating she sat for five hours on Monday waiting to be seen at the community office. She added that she is disabled, and her health makes it difficult to sit for that long. She complained that the CCC phones are not answered. She expressed that she struggles with technology and can't conduct business on-line but is trying to learn. Her utilities were disconnected on Monday and added the MLGW statements are very confusing. Vice-Chair Dickson asked Martrice Anderson to assist her.

4) Joan E. Shelton, 1488 Doris Ave., addressed the board upset that she needs help with getting her utilities turned on. She stated she has lived in her home for three months without utilities due to an old balance on her record. She stated she is working and has been homeless and doesn't want to be there in her life again. She stated MLGW has refused to work out a payment plan with her. Vice-Chair Dickson asked Martrice Anderson to assist her.

5) Sarah Houston, 200 Wagner, discussed the Drought Plan resolution that is on the agenda today. She is asking that the board hold it until some of her concerns with it can be addressed. She brought a letter with her and gave it to the board. She listed the various points of her concern, which are also included on the letter. In addition, she stated she hopes the public will be given more time to comment on the power supply recommendation.

PRESIDENT'S BRIEFING:

1. Review of Consent Agenda - J. T. Young
(President's Briefing Continued on Page 114)

The original of the resolutions and documents relating to each item is filed in the vault of the fifth floor of the MLGW Administration Building, 220 South Main. The original documents shall control in the event of any conflict between the description and these minutes and the original documents.

CONSENT AGENDA

(Items 1 through 13)

RESULT:	APPROVED [3 TO 0]
MOVER:	Cheryl Pesce
SECONDER:	Michael Pohlman, Board Member
AYES:	Michael Pohlman, Cheryl Pesce, Leon Dickson
ABSENT:	Carl Person
REMOTE:	Mitch Graves (Cannot vote remotely)

CHIEF CUSTOMER OFFICER

(None)

CHIEF INFORMATION OFFICER

1. Resolution approving Change No. 1 to Contract No. 12266, WECO Electric Meter Testing Application with Radian Research, Inc., to revise the scope and increase the current contract value in the funded amount of \$11,660.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
2. Resolution approving Change No. 9 to Contract No. 11296, Enterprise GIS Software Selection and Installation with Environmental System Research Institute (ESRI) to renew the current contract in the funded amount of \$1,050,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

CHIEF PEOPLE OFFICER

(None)

COMMUNITY & EXTERNAL AFFAIRS

3. Resolution approving the proposed revisions to the 2022 MLGW Incentive Policy and will be effective November 1, 2022. (Gale Carson)

DESIGN CONSTRUCTION & DELIVERY

(None)

ENGINEERING & OPERATIONS

4. Resolution approving the MLGW's Drought Management Plan. The plan is a detailed account of how MLGW would address any situation created by an actual drought or circumstances that simulate a drought scenario. (Nick Newman)
5. Resolution approving Change No. 14 to Contract No. 10332, ABB Software Maintenance with Hitachi Energy (formerly ABB Power Training and Development Company, Incorporated) to renew the current contract in the funded amount of \$701,655.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
6. Resolution approving Change No. 2 to Contract No. 12154, Surveying Services with Ollar Surveying Company, LLC., to renew the current contract in the funded amount of \$145,446.00. (Randy Orsby) (REQUIRES CITY COUNCIL AGENDA)
7. Resolution approving Change No. 4 to Contract No. 12062, Environmental Abatement Services with General Construction Services, Incorporated to renew the current contract in the estimated funded amount of \$2,000,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

8. Resolution approving Change No. 4 to Contract No. 12034, Environmental Abatement Services with Northwest Contracting Services, Incorporated to renew the current contract in the funded amount of \$4,750,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

PRESIDENT

(None)

SVP, CFO & CAO, FINANCE

(None)

SVP, CHIEF OPERATING OFFICER

(None)

SHARED SERVICES

9. Resolution to award a purchase order to G & W Electric Company represented by Power Connections for three-phase pole mount vacuum reclosers in the amount of \$10,472,400.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
10. Resolution approving Change No. 8 to Contract No. 11562, Professional Engineering Services for Central Support Services with Smith Seckman Reid, Incorporated (SSR) to ratify and extend the current contract with no increase in the contract value. (Randy Orsby)
11. Resolution awarding a purchase order to AutoNation Ford Memphis for full size cargo vans in the amount of \$300,780.48. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
12. Resolution approving Change No. 1 to Contract No. 12177, 5Substation Roof Replacement with B-Four Plyed, Inc. to ratify and change the current contract in the funded amount of \$452,493.00. (This change is to ratify and expand the current contract scope to include emergency roof replacement at the Davis Pumping Station). (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
13. Resolution awarding a purchase order for class 8 cab and chassis trucks to Tag Truck Center of Memphis in the amount of \$1,060,586.62 and Rush Truck Centers of Tennessee in the amount of \$261,246.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

VP & GENERAL COUNSEL

(None)

(President's Briefing, Continued)

2. 2023 Preliminary Budget Review - J. T. Young

President Young reminded everyone of the MLGW mission, vision and values. He discussed the key focus areas and emphasized "effectively executing plans and projects", which includes the budget, timing, proactive engagement, and power sourcing.

He opened with budget highlights with emphasis on the fact that there is no rate increase in this budget. He discussed the IBEW contract negotiations and added that management is attempting to re-negotiate wages for bargaining unit employees respectively. He added that it also includes a reclamation of 56 positions (51 FTE). He added that through the Way Forward initiative there was a cut of 152.0 FTE. He gave a breakdown of the 56 new positions by department.

Other highlights he discussed were O & M growth of 8.4% or \$35.3 million over the 2022 budget (labor category increase of \$8.2 million and other category increase of \$26.7 million). In addition, he discussed significant grant reimbursement projects and activities planned beginning with the 2023 budget. In addition, he stated that capital expenditures budget continues the infrastructure replacement work outlined in the Way Forward Plan.

He reviewed the "other category major O & M increases" with a breakdown of those figures. He also covered the grants and infrastructure funding for various projects related to each division. He stated that MLGW was awarded a grant where TDEC allocated funds to incentivize local power companies to build, own and operate DC fast chargers along designated corridors so that fast charging is available at least every 50 miles. MLGW submitted grant applications for two "corridor gaps" in Shelby County. He explained the details and commitment requirements, adding that MLGW must own and operate the charging stations for a minimum of five years. In addition, he discussed the details of the gas division PHMSA funding and the water division ARP funding.

President Young outlined the OIAT matrix by category, implementation time frame, reliability impact, lead entity, and estimated costs. He added that additional engineering positions to support the infrastructure/resiliency items will be added before the final budget.

President Young summarized the breakdown of all three divisions including operating revenue, purchased power and gas, O&M expense, depreciation and amortization, PILOT and taxes, total operating expense, total capital expenditures, and total operating and capital budgets.

In the electric division he noted that the operating margin is in line with last year's budget, adding that power costs are projected to be 8.8% higher than last year's budget due to rising TVA fuel cost. The change in net position variance (net income) is \$21.3 million lower than last year's budget primarily driven by the higher operating expenses. Capital expenditures are \$76.1 million higher than last year's budget.

In the gas division he noted that the operating margin is \$2.8 million higher than last year's budget. There are no MLGW rate increases proposed for 2023. The change in net position variance (net income) is \$4.7 million lower than last year's budget due primarily to the increase in operating expenses offset by the higher operating margin. Capital expenditures are \$15.6 million lower than last year's budget.

In the water division he noted that the operating margin is \$2.6 million higher than last year's budget. The change in net position variance (net income) is \$1.2 million lower than last year's budget primarily due to the higher operating expenses offset by higher operating revenues. Capital expenditures are \$8.2 million higher than last year's budget.

President Young reviewed the total capital expenditures by division and covered the capital highlights for all three divisions. In the five-year Capex plan summary, he added that MLGW consistently plans to invest capital into each division and shared the total projections for the next five years per division for a total of \$1.2 billion.

He discussed cash flow projections financial metric targets which include a target minimum of 45 days of cash, a positive change in net position, and minimum per debt covenants for senior lien is 1.2x. He covered sales trends and cash flow projections for all three divisions.

Lastly, he stated the plan is to bring the budget back to the board meeting on October 26 for a vote. The budget will be presented to the City Council at Committee on November 15. This will allow two full CC meetings in December, in hopes the budget will approve before January 1, 2023.

President Young, Dana Jeanes and other MLGW leadership responded to questions and comments made by the Commissioners.

COMMITTEE REPORTS:

Supplier Diversity Committee Update - Tamara Pate reported the total procurement spend from January 1 through June 30, 2022 as \$111,581,641.65 and second quarter diversity spend of \$46,763,449.21, a grand total of 42%. She reviewed a breakdown of the sheltered market impact and covered details by category.

She reminded the Commissioners and SLC of the upcoming events. She reminded them that the "B.O.S.S. Up" event will be held on November 2 and is open to all business owners. She also informed the Commissioners that the MLGW Flame & Spark Awards will take place on November 3 at The Halloran Theater. They should have received an invitation to the event.

PRESIDENT'S BRIEFING (Continued):

3. Other - J. T. Young

President Young commended Timothy Davis, Brenda Chism, and team for their success in opening the community offices on Monday. He stated there were some expected challenges but overall, everything went well. He asked Mr. Davis to share information with the Commissioners. Mr. Davis stated that the majority of the employees and customers were excited to have offices reopened. He talked about the reservation system and how employees are trying to assist the customers in using it. In addition, he stated that he noticed a huge amount of drive through traffic and less traffic in the lobbies. He stated that transactions were over 62% in cash and only 3% in credit card bill payments. He stated the credit card system went down nationwide and that Brenda and her team handled that very well. He also commended Gale Carson's team for

