



Board of Light, Gas and Water Commissioners

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

Board Meeting

~ Minutes ~

Wednesday, October 6, 2021

8:30 AM

Board Room

CALL TO ORDER AND OPENING REMARKS:

Chairman Graves

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

PLEDGE OF ALLEGIANCE:

Chairman Graves

The Pledge of Allegiance was recited.

ROLL CALL:

Dana Jeanes

Attendee Name	Title	Status	Arrived
Michael Pohlman	Board Member	Present	
Steven Wishnia	Board Member	Present	
Carlee McCullough	Board Member	Present	
Mitch Graves	Chairman	Present	
Leon Dickson	Vice-Chair	Present	

APPROVALS:

Motion To: Approve Minutes of the Meeting of September 15, 2021.

RESULT: ADOPTED [UNANIMOUS]
MOVER: Steven Wishnia, Board Member
SECONDER: Michael Pohlman, Board Member
AYES: Pohlman, Wishnia, McCullough, Graves, Dickson

CITY COUNCIL ACKNOWLEDGEMENTS & UPDATE:

Dana Jeanes

Receipt of Certified Copies of City Council Resolutions, Items 20 through 23, dated September 21, 2021. (See Minute File No. 1463.)

PRESENTATIONS:

1) APGA - SOAR (System Operational Achievement Recognition) - Nick Newman
Award Team: Richard Crick/Russell Webb/Chandrika Winston/Eric Conway/Mark Ward

Nick Newman explained that the SOAR award is an award of recognition from peers in the gas industry. He noted that the areas that are considered are system integrity, system improvement, employee safety, and workforce development. A plaque was presented to Chairman Graves and President Young.

GENERAL STATEMENTS FROM THE PUBLIC:

Chairman Graves read a letter from the Sierra Club, received through e-mail which included comments to MLGW regarding the RFP for renewable and other alternative

resources. The letter commended MLGW for continued leadership in evaluating power supply options for the future. The letter encouraged MLGW to 1) consider climate risk; 2) seek a greater range of clean energy resources including more wind and solar, plus long-term energy storage and increasing renewables; 3) greatly expand the energy efficiency program; and 4) initiate a stakeholder involvement process to ensure results that are responsive to the needs and priorities of its customers. Chairman Graves responded stating all of this is being taken into consideration and thanked the Sierra Club for their input.

PRESIDENT'S BRIEFING:

1. Review of Consent Agenda - J. T. Young

(President's Briefing Continued on Page 102)

The original of the resolutions and documents relating to each item is filed in the vault on 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 12)

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Carlee McCullough, Board Member
SECONDER:	Leon Dickson, Vice-Chair
AYES:	Pohlman, Wishnia, McCullough, Graves, Dickson

CHIEF CUSTOMER OFFICER

1. Resolution authorizing execution of Contract No. 12290, Interlocal Agreement between MLGW and the Town of Arlington for storm water user fee billing services within the corporate limits of the town of Arlington, TN. (Jim West) (REQUIRES CITY COUNCIL APPROVAL)

CHIEF INFORMATION OFFICER

2. Resolution approving Change No. 4 to Contract No. 11594, PowerPlan Maintenance Agreement with PowerPlan, Incorporated, in the funded amount of \$464,769.00. (This change is to add to the current contract value for implementation services to upgrade the MLGW Power Plan software from the current version v2021.1 to v2021.2 and to add Integrated Customer Assessment (ICA) Recommendation training for the period covering January 1, 2022 through December 31, 2022. In addition, the upgrade is to add a Test Scripts & Test Management Tool and Fixed Asset End User Training. MLGW is also requesting continuous maintenance of the acquired system, which can only be performed by PowerPlan, Incorporated.) (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

3. Resolution approving Change No. 3 to Contract No. 11933, IVR Replacement with DiRAD Technologies, in the funded amount of \$4,384,271.84. (This change is to increase the current contract in the amount of \$418,918.62 due to changes in our Community offices that necessitated additional features be incorporated into the Interactive Voice Response (IVR) system during the Covid-19 Pandemic to better communicate with customers. Also, this change is to add 16 additional features in the amount of \$893,949.57 through October 5, 2022. In addition, this change is to extend the annual maintenance and support from October 6, 2022 through October 5, 2027 in the amount of \$3,071,403.65. The total funded amount of this increase, change and extension are \$4,384,271.84. MLGW is also requesting continuous maintenance of the acquired system, which can only be performed by DiRAD Technologies.) (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

CHIEF PEOPLE OFFICER

4. Resolution approving a Computer Software Specialist 3 position. (J. T. Young/Jackie Jones)
5. Resolution awarding Contract No. 12223, Ergonomics Program to The Institute of Health & Human Performance dba BIODINETIX in the funded amount of \$115,000.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

COMMUNITY & EXTERNAL AFFAIRS

(None)

DESIGN CONSTRUCTION & DELIVERY

(None)

ENGINEERING & OPERATIONS

6. Resolution approving Change No. 5 to Contract No. 11868, Water Design for Tennessee Department of Transportation (TDOT) with Allen & Hoshall, with no increase in the contract value. (This change is to extend the current contract for the period covering November 21, 2021 through November 20, 2022, based upon agreed upon rates, with no increase in the contract value.) (Randy Orsby)
7. Resolution approving Change No. 5 to Contract No. 11866, Gas Design for Tennessee Department of Transportation (TDOT) with Allen & Hoshall, with no increase in the contract value. (This change is to extend the current contract for the period covering November 21, 2021 through November 20, 2022. Under Chapter-86 statute for utility relocations, TDOT will reimburse MLGW for 100% of the engineering consultant costs related to eligible projects.) (Randy Orsby)
8. Resolution approving Change No. 5 to Contract No. 11865, Electric Design for Tennessee Department of Transportation (TDOT) with Allen & Hoshall, with no increase in the contract value. (This change is to extend the current contract for the period covering November 21, 2021 through November 20, 2022. Under Chapter-86 statute for utility relocations, TDOT will reimburse MLGW for 100% of the engineering consultant costs related to eligible projects.) (Randy Orsby)

PRESIDENT

(None)

SVP, CFO & CAO, FINANCE
(None)

SVP, CHIEF OPERATING OFFICER
(None)

SHARED SERVICES

9. Resolution ratifying and awarding Contract No. 12310, Administration Building Garage Structural Repairs to Zellner Construction Services, LLC in the funded amount of \$1,934,600.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)
10. Resolution awarding Contract No. 12177, Substation Roof Replacement to B-Four Plid, Inc. in the funded amount of \$526,973.00. (Randy Orsby) (REQUIRES CITY COUNCIL APPROVAL)

VP & GENERAL COUNSEL

11. Resolution approving a rate change for the law firm of Ogletree, Deakins, Nash, Smoak & Stewart, P.C. on an "as needed" basis, at the following hourly rates: Shareholder - \$300 and Associates - \$250. (Cheryl Patterson) (REQUIRES CITY COUNCIL APPROVAL)
12. Resolution approving an amended rate schedule for the law firm of Butler Snow, LLP at the following hourly rate ranges: Special: \$500, Partner I: \$350-\$375, Partner II: \$300-\$345, Associate I: -\$270-\$295, Associate II: \$230-\$265, and Paralegal: \$175. (Cheryl Patterson) (REQUIRES CITY COUNCIL APPROVAL)

PRESIDENT'S BRIEFING (Continued):

2. Second Quarter, 2021 - Corporate Scorecard - Von Goodloe

Dr. Goodloe discussed the various measurements for the second quarter. He noted that target goals are being met with the lost time incident rate and medical recordable incident rate. The preventable vehicular collision target is not being met. He noted that various meetings and actions are being taken to try to improve those numbers.

The average speed of answer was a great concern to the Board and Dr. Goodloe stated that Mr. West could give more detail on that after his presentation. He added that the JD Power score is continuing to improve and at the end of the second quarter, MLGW is at 713. He explained how the total outage minutes are calculated and the five-year goal.

The net income variance in all divisions are meeting the goal. However, the percentage of capital spend for all three divisions are not being met, but he explained that is due to COVID, tree trimming, and purchasing of supplies. It is expected to accelerate as we get to the end of the year.

The year-to-date diversity spend is at 36.3% which exceeds the goal of 35%. Dr. Goodloe explained how the dollars saved through improved efficiency is calculated and gave the breakdown.

In addition to the measures in the performances and goals report, Dr. Goodloe gave some statistics for the Builder Services Department with a breakdown of items and cost savings.

The Board asked for details on the vehicle accidents in relation to the cost. Dr. Goodloe replied stating there are various departments involved, but we can put that information together and provide to them.

Commissioner Wishnia stated he would like to know what dollars from the supplier diversity spend that stay in the Memphis and Shelby County area.

Mr. Jim West was asked to detail the Board on average speed of answer. He talked about various moving parts and confirmed that there are a lot of hurdles to overcome. However, he thinks with time we will see improvement.

3. Quarterly Compliance Report - Cheryl Patterson

Ms. Patterson updated the Board stating in July, the Transportation Security Administration (TSA) issued a second Security Directive regarding security of our gas pipeline system and that of other large pipeline systems, which include natural gas, petroleum and other liquids. The directive is extremely broad and entails a very aggressive timeline for completion. The 30-day milestone is complete, and we are working on the more extensive 90-day deadline in late October. This effort parallels the work being done to implement TSA's Security Guidelines as specified in the first Security Directive issued in May.

In August, TSA conducted a Corporate Security Review that covered MLGW's approaches to both corporate physical security and cybersecurity. She added that we will be working with the Administration for the next year as we incorporate their feedback.

Ms. Patterson added that we've received notice of the schedule for our triennial audits of the NERC standards for our electric system. The Critical Infrastructure Protection standards will be audited in May 2022 and the Operations and Planning audit will be in June 2022.

Ms. Patterson stated that the annual corporate ethics training course will take place in October, with the focus being on inclusion and respect. It also addresses the impact of the various federal laws regarding discrimination.

Commissioner Wishnia asked for an update regarding the Supreme court ruling on the water case versus the State of MS. Ms. Patterson stated that the Supreme Court heard the water case on Monday. Due to COVID, there were limitations on who could attend the meeting in person. She stated that the State of Tennessee Counsel did an excellent job in the argument and had worked closely with outside Counsel preparing. Ms. Patterson noted that she will keep the Board informed and up to date on the case.

4. 2022 Preliminary Budget Review - J. T. Young & Dana Jeanes

President Young read the Mission, Vision and Values of MLGW and covered the Key Focus Areas. He reminded the Board that we have received an approved 5-Year Plan from our Board as well as the City Council. He covered the highlights of the plan and

noted that the plan will need to be recalibrated a bit during 2022 due to COVID impacts and the need to ensure effective balance between emerging needs of customers and MLGW's commitment to reduce costs. He discussed the new efficiencies/saving of over \$91 million that has been incorporated into the service improvement plan with annual savings of \$40 million per year, included annually thereafter.

President Young reviewed the successes in the Way Forward Project Plans and noted that the overhead and underground electrical work was delayed; however, a contractor has been secured. In addition, an engineering contractor has been secured for water pumping station engineering study that was initiated to help prioritize the work list. He stated there are challenges with tree trimming crews. He discussed back-end loaded spending in 2023, 2024, and beyond to fulfill promised investment and how to strategize.

President Young discussed the planned electric infrastructure investment in detail. He noted that in the gas division regulatory, system reliability and integrity are doing very well. The other areas are expected to improve with some of the recalibration plans. In the water infrastructure he added that we've been able to get more wells in production, but still a lot of work to be done.

President Young asked Dana Jeanes to address the budget for 2022. Mr. Jeanes thanked the Budget group for all their hard work putting this together. Mr. Jeanes reviewed the highlights noting the negotiations are still in process and the budget will be adjusted based on that. He reported on the net reduction of positions. He discussed the modest total O&M growth of 1.2% over the 2021 budget. In addition, he noted that the capital expenditures budget continues the infrastructure replacement work outlined in the Way Forward Plan.

Mr. Jeanes gave a detailed report on labor and position activity. He summarized certain specific positions that were offset by reductions in contracted dollars. He reviewed the electric division summary noting that the operating margin is slightly higher than the 2021 budget due primarily to the approved January 2022 rate adjustment. In addition, the budget also continues the extension of the TVA pandemic credit. In the gas division, Mr. Jeanes stated the operating margin is slightly higher than the 2021 budget due primarily to the approved January 2022 rate adjustment. The annual forecast for natural gas cost is 9% higher for 2022. These gas cost fluctuations are passed through via the purchased gas adjustment. In the water division he noted this is the last rate adjustment that has been approved. He noted that capital expenditures are \$3.3 million lower than the 2021 budget.

He explained that the pie chart shows the electric division total capital expenditures at 68% with water and gas being close to equal. Mr. Jeanes pointed out that the pie charts for each division are broken down by distribution, general plan and production.

Cash flow projections were discussed, and financial metric targets were discussed as they are categorized.

Mr. Jeanes turned the floor back over to President Young who reviewed the Budget schedule. He informed the Board that the Budget will be on the October 20 agenda for a vote. If the Board approves the budget, it will be on the Committee Agenda of November 2. There will be three additional meetings after the Committee meeting to hopefully get the budget approved by the City Council before the end of the year.

In closing, President Young highlighted the budget summary noting that MLGW continues to execute the five-year Way Forward Plan as approved by the Board and the City Council. He spoke again of the delays encountered in 2020 due to COVID-19 pandemic and delays of getting necessary contracts in place to assist with the plan. Finally, he added we will re-calibrate the plan as needed in 2022 and beyond.

5. Other - J. T. Young

President Young commended a crew from the Hickory Hill operating center. He read a builder commendation letter and stated he wanted to share that information with the Board. He thanked the crew and noted we have a lot of dedicated employees doing good work every day.

In closing, he informed the Board that MLGW lost employee Bridgett Monroe last week and offered condolences to her family.

COMMITTEE REPORTS:

(None)

ADJOURNMENT:

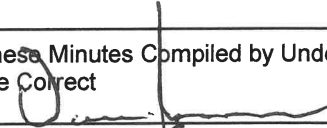
There being no further business, the meeting was adjourned at 10:12 a.m.

(See Minute File No. 1464.)

Approved Without Interlineation


Chairman

These Minutes Compiled by Undersigned and
are Correct


Secretary-Treasurer