



**Metro District Energy System Advisory Board  
Regularly Scheduled Meeting of  
August 19, 2010**

**Minutes of Meeting**

**The meeting was held at the Energy Generation Facility at 90 Peabody Street Nashville, TN 37210**

**Facilitators: Kevin Jacobs and Jon Belcher, Thermal Engineering Group**

**Board Members Present:**

Karen Bennett  
Brian Taylor  
Tom Thompson

**Board Members not Present:**

Yuri Cunza  
Joy Harris  
Richard Riebeling  
Phil Ryan  
Tom Turner  
Nancy Whittemore

**Others Present:**

Tim Hestle, CEPS General Manager  
Bob Lackey, DES Liaison  
Gregg Nicholson, General Services

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The meeting was called to order by the Chair and began at 10:00 A.M.

Approval of the minutes of the May 20, 2010 meeting was deferred due to a lack of quorum.

At the request of the Chair, Mr. Jacobs proceeded with the presentation to the Board.

Mr. Jacobs reviewed performance and customer cost comparison information for Metro, State and Private customers for the previous 12 months. On an aggregate basis, steam costs were down 27.1% and chilled water costs were down 3.3%, primarily due to cost savings in fuel.

Mr. Jacobs reviewed FY 2010 operations data for steam and chilled water production, discussed the results of monitoring activities, steam and chilled water production performance measures, and electric and water conversion performance measures. Mr. Jacobs indicated the contractor is in compliance with the operating terms of the contract and is meeting or exceeding all requirements.

Mr. Jacobs reviewed the conversion tables for electricity, steam, water, and plant efficiency. The contractor's performance is excellent in all of these areas.

Mr. Jacobs and Mr. Belcher reviewed the results of the inspections of both the Energy Generation Facility (EGF) and the Energy Distribution System (EDS). Areas of focus included: equipment maintenance, operations, electrical systems, housekeeping, structure, grounds, safety items, including flood related issues.



Mr. Jacobs presented information to the Board on natural gas purchasing and the cost of fuel. Information was presented to the Board on gas purchasing over the past 3 years. The cost has remained within budget each year, but at times exceeded the market price. Reference was again made to the hedging policy and the intent of forward purchases to manage the budget and not to “speculate” in the purchasing process. Mr. Jacobs indicated the cost of natural gas is significantly under budget for FY 2010 due to favorable market conditions.

Financial reports for the 4<sup>th</sup> quarter of FY 2010 reviewed with the Board. Through the end of this period of operations, approximately 85% (\$17,760,043) of the FY 2010 operating budget (\$20,956,200) was expended. The financial reports are subject to year end adjustment.

The FY 2011 budget of \$20,309,600 was reviewed with the Board. The budget represents a reduction of 3.09% compared to the previous year. The recommended Capital budget for DES is \$10,200,000 with the primary focus being the Music City Convention Center Project.

A summary of the capital improvement program was reviewed with the Board. Capital expenditures by bond fund and available balances were reported and summarized. The Board was provided updates on active and proposed DES capital projects.

Mr. Jacobs provided the Board an update on system expansion capacity and the Music City Convention Center Project. Discussions included the routing plan and potential new customer opportunities (Medical Mart, new Hotel, etc.).

Mr. Jacobs provided the Board with a damage report from the May 2010 flood. Actual costs to date total \$375,000 and estimated costs to complete repairs total \$613,500 (the presentation material reflected a total of \$478,500 in error). Staff is working with FEMA and Metro representatives to monitor damage and work through the claims process.

Without further discussion, and upon a motion, the meeting was adjourned by the Chair.

The next Board Meeting will be held Thursday, November 18, 2010 at 10:00 A.M.

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Prepared by: \_\_\_\_\_ Approved: \_\_\_\_\_

**Bob Lackey, DES Liaison**

**Karen Bennett, Chair, DES Advisory Board**

Date: \_\_\_\_\_ Date: \_\_\_\_\_