



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
August 15, 2013**

Minutes of Meeting

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

Facilitators: Harry Ragsdale, DES Project Contract Administrator and Kevin Jacobs, Thermal Engineering Group

Board Members Present:

Karen Bennett
Lannie Holland (*on behalf of Richard Riebeling*)
Brian Taylor
Jim Thiltgen

Board Members not Present:

Yuri Cunza
Joy Harris
Richard Riebeling
Jim Thiltgen
Tom Thompson
Tom Turner
Nancy Whittemore

Others Present:

Tim Hestle, CEPS General Manager
Bob Lackey, DES Liaison
Robin Lamborn, DES Advisory Board Secretary
Mark Swann, Metro Internal Audit
Jack Henry, Metro Internal Audit

The meeting was called to order by the Chair and began at 10:07 A.M.

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

Mr. Ragsdale reviewed the customer cost comparison table for the fourth quarter of FY13. On an aggregate basis for the previous twelve (12) months, the steam costs were up 10.36% and chilled water costs were also up 5.49%. Unit costs for steam have gone down dramatically from the previous twelve (12) month period due to the increase in volume consumed by the State and Metro as a result of cooler temperatures and Metro adding the Music City Center on as a customer. Chilled water consumption was up for Metro facilities as a result of adding the Music City Center which in turn, reduced Metro's chilled water unit cost. Mr. Jacobs stated that the number of cooling degree days was down 10% from last year and the number of heating degree days was 25% higher than last year.



Mr. Ragsdale and Mr. Jacobs reviewed and discussed graphs detailing the historic budgets relative to the total customer revenues. The fixed operating costs have increased .0157% from last year. The budgeted pass through costs increased due to the increased consumption of utilities as a result of the Music City Center. The debt service has increased slightly due to recognizing some of the 2010 debt that is associated with the connection of the Music City Center, the Hyatt, and other customers. The Budgeted FY14 MFA is down 16.96% from budgeted FY13 MFA as a result of securing service agreements with the MCC and the Hyatt.

Mr. Ragsdale and Mr. Jacobs discussed the review of the contractor's performance for the fourth quarter of FY13 and previous years, along with the contractor's energy efficiency guarantees. Mr. Jacobs and Mr. Ragsdale provided steam and chilled water conversion tables for electricity, water, and plant efficiency for the previous year. The contractor's performance continues to remain excellent in all areas.

Mr. Jacobs discussed the contractor's performance for the water treatment. Mr. Jacobs stated that the contractor does a very consistent job in managing and operating the pumps. The contractor's performance is excellent in all areas of water treatment.

Mr. Ragsdale and Mr. Jacobs reviewed the results of the inspections of both the Energy Generating Facility (EGF) and the Energy Distribution System (EDS). Mr. Jacobs stated that Constellation does an excellent job with maintaining and operating the facility. Mr. Jacobs stated that the performance of the chillers continue to improve each year. Mr. Ragsdale stated that Metro has spent a significant amount of money over the past six or seven years to upgrade and maintain the vaults, which has improved performance and provided a savings to the users. Mr. Ragsdale stated that they are still in the process of updating and replacing the insulation. Continuing areas of focus include water infiltration and corrosion of the structural metal components. Mr. Ragsdale stated that there are currently no safety issues. However, there are some areas in need of repair to prevent future safety issues, particularly at the tunnel to the A.A. Birch Building. Mr. Ragsdale and Mr. Jacobs discussed the vault in front of St. Mary's, which has required a great deal of attention over the last 8-10 years. This vault is in the pathway of all of the bus traffic of the Music City Central on 5th Avenue, so it receives a tremendous amount of load on it. This particular vault is one of the older original vaults that provide the main service to all of the State buildings. Previously a concrete slab was installed to help dissipate the load. The slab has helped sustain the life of the vault, but now the walls, roof, and slab all need to be torn out and replaced. The repair is complicated and planned for September to help minimize the disruption of service.

Mr. Ragsdale and Mr. Jacobs provided an update on the natural gas purchasing and discussed the FY13 gas spending and budget comparison. Mr. Jacobs stated that more steam was sold and sent out than what was anticipated. Mr. Jacobs stated that fuel use was approximately 10% higher because the sales were higher. The plant efficiency increased slightly and the actual unit cost of fuel was about the same that was budgeted. Mr. Ragsdale and Mr. Jacobs discussed the actual and projected gas cost comparison history. Budgeted Unit Costs are in line with Actual & Projected Unit Costs and Market Unit Prices.

Mr. Ragsdale and Mr. Jacobs reviewed the FY13 operating costs to date. Through the end of this period of operations, approximately 91.24% of the FY13 budget (\$19,626,700) has been expended. The base budgeted amount for natural gas was spent along with \$382,408 of the \$1,055,600 of the Natural Gas Contingency that was budgeted.

The FY14 budget of \$21,648,600 was reviewed with the Board. The budget represents an increase of 10.30% compared to the previous year. Total revenues are projected to increase 14.06% and the Metro Funding Amount is expected to be reduced by 17.12% as a result of the Music City Center and the Hyatt coming online in FY14.



Mr. Ragsdale and Mr. Jacobs provided the Board with an update on capital expenditures. Bond fund expenditures and available balances were reported and summarized. The total amount spent as of the end of the fourth quarter of FY13 was \$1,226,195. The total remaining balance as of 07/01/13 was \$3,247,760.

Mr. Ragsdale and Mr. Jacobs provided the Board with updates on the various active DES capital projects. The Time of Use and Thermal Storage project is still ongoing as TOU invoicing changes are in the development stage. The Board also received an update on the projects in close-out.

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

The next Board Meeting will be held Thursday, November 21, 2013 at 10:00 A.M.

Prepared by: _____

Robin Lamborn, DES Advisory Board Secretary

Date: _____

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____

Approved: _____

Bob Lackey, DES Liaison

Date: _____