



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
May 20, 2010**

Minutes of Meeting

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

Facilitator: Harry Ragsdale, DES Project Contract Administrator, and TEG Staff as Assigned

Board Members Present:

Karen Bennett
Joy Harris
Phil Ryan
Brian Taylor
Tom Thompson

Board Members not Present:

Yuri Cunza
Richard Riebeling
Tom Turner
Nancy Whittemore

Others Present: Kevin Jacobs

The meeting was called to order by the Chair and began at 10:15 A.M.

A motion to approve the minutes of the November 18, 2009 and February 18, 2010 Board Meetings was made, seconded and approved by the Board.

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

Mr. Ragsdale reviewed performance and operations data for Steam and Chilled water production with the Board. On an aggregate basis, previous twelve (12) month steam costs were down 26.1% and chilled water costs were down 5.3%, primarily due to cost savings in fuel and increased conservation.

Mr. Ragsdale reviewed operating contractor performance thus far in FY 2010, and discussed the results of monitoring activities. Mr. Ragsdale discussed steam and chilled water production performance measures, as well as electric and water conversion performance measures.

Mr. Ragsdale indicated the operating contractor is in compliance with the operating terms of the contract, and is meeting or exceeding all requirements.

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

Mr. Ragsdale then 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, and safety items

Mr. Ragsdale 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 been within budget each year, but has 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. Ragsdale indicated the cost of natural gas should be significantly under budget for FY 2010.

Financial reports and the operating budget for FY 2010 were reviewed with the Board. Financial results of the system were reviewed as of the end of the third quarter. Through the end of this period of operations approximately 68% (\$14,150,615) of the FY 2010 budget (\$20,956,200) were expended.

The proposed FY 2011 budget was then reviewed with the Board. The total budget for FY 2011 is \$20,302,800, a reduction of 3.12% compared to the previous year. The recommended budget is subject to change as the budget process moves forward, pending Council approval. The recommended Capital budget is \$10,200,000, the substantial project being the Music City Convention Center.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. The Board received continuing information on the new Music City Convention Center with DES service to the facility. On-going meetings are being held with representatives of the Convention Center project team.

Mr. Ragsdale discussed system capacity of the EGF and expansion priorities. The new Convention Center is the primary project priority at this time. Mr. Ragsdale discussed the modifications required at the EGF and also discussed diversification of peak load and demand related to potential new customer opportunities (Medical Mart, new Hotel, etc.).

Mr. Ragsdale provided the Board with an assessment of damage caused by the May 2010 flood and provided a summary of anticipated cost to repair damage incurred. Staff is continuing to monitor the system to assess damage.

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

The next Board Meeting will be held Thursday, August 19, 2010 at 10:00 A.M.

Prepared by: _____ Approved: _____

Bob Lackey, DES Liaison

Karen Bennett, Chair, DES Advisory Board

Date: _____ Date: _____