

Metro District Energy System Advisory Board Regularly Scheduled Meeting of February 18, 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:

Board Members not Present:

Karen Bennett Brian Taylor Joy Harris Phil Ryan Richard Riebeling Nancy Whittemore Tom Thompson Tom Turner Yuri Cunza

Others Present: Kevin Jacobs, Michael Bradley and Bob Lackey

The meeting was called to order and began at 10:20 A.M. <u>Note:</u> Meeting start was delayed due to earlier ceremony honoring Mike Bradley upon his up-coming retirement from Metro Government.

A motion to approve the minutes of the previous meeting was made, seconded, and approved by the Board. However, a quorum was not present, so the minutes will receive tentative approval pending the next meeting.

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

Mr. Jacobs and Mr. Ragsdale reviewed with the Board the operations data for Steam and Chilled water production. He discussed the number of both heating degree days and cooling degree days and their significance in the operations of the EGF.

Customer cost information was reviewed for both steam and chilled water for private, state, and Metro customers.

Mr. Jacobs reviewed information on the operating contractor performance thus far in FY10, and discussed the results of the monitoring activities. A review was given of the steam and chilled water production performance measures, as well as electric and water conversion performance measures.



Mr. Jacobs mentioned that the operating contractor is in compliance with the operating terms of the contract, and is meeting or exceeding all requirements.

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

Mr. Jacobs 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 remained within the 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. Prices are down by more than 30% over the same period for last year.

Financial reports for FY 09-10 were reviewed. The operating budget for FY 10 was then reviewed with the Board. The total budget for FY2009-2010 is \$20, 956,200. The first quarter report was reviewed with up-dates on the quarter expenditures. Through the second quarter, about 41% of the budget has been expended.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. The Board received information on the new proposed Music City Convention Center and DES service to the facility. On-going meetings are being held on the project with representatives of MDHA, the project manager. Mr. Ragsdale gave some information on capacity of the facility and expansion priorities. Primarily, the new proposed CC is the first priority at this time. There was some discussion of the capacity requirements for possible future projects including the CC hotel and the proposed Medical Mart in the existing CC location.

Mr. Bradley indicated that his retirement from Metro is effective March 31, 2010 and that he had enjoyed working for Metro Government over the last 12 years and that he was glad to have served the Board in the DES Liaison position. He then introduced Mr. Bob Lackey who will be assuming the Liaison duties. Mr. Lackey indicated that he was looking forward to working with the Board in this new capacity, and that he appreciated this opportunity.

Without further discussion, and upon a motion, the meeting was adjourned at 11:12 A.M.

The next Board Meeting will be held Thursday, May 20, 2010 at 10:00 A.M.

Prepared by:	Approved:
Michael Bradley, Liaison	Karen Bennett, Chair, DES Advisory Board
Date:	Date: