



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
May 19, 2011**

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 Kevin Jacobs, Thermal Engineering Group

Board Members Present:

Karen Bennett
Yuri Cunza
Joy Harris
Phil Ryan
Brian Taylor
Lannie Holland *on behalf of Richard Riebeling*

Board Members not Present:

Tom Turner
Richard Riebeling
Tom Thompson
Nancy Whittemore

Others Present:

Tim Hestle, CEPS General Manager
Bob Lackey, DES Liaison
Robin Lamborn, DES Advisory Board Secretary

The meeting was called to order by the Chair and began at 10:06 A.M.

A motion to approve the minutes of the February 17, 2011 Board Meeting 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 and Mr. Jacobs both discussed the customer cost comparison for the previous two (2) years. On an aggregate basis, the steam costs were down 8.15%, primarily due to lower fuel prices, and the chilled water costs were up 6.53%, primarily due to higher electricity prices. Overall, the customer costs have gone down from last year.

Mr. Ragsdale and Mr. Jacobs discussed the review of the contractor's performance for the third quarter of FY 2011 and reviewed the conversion tables for electricity, water and plant efficiency. The contractor's performance is excellent in all areas and is meeting or exceeding all requirements.

Mr. Ragsdale and Mr. Jacobs reviewed the results of the inspections of both the Energy Generating Facility (EGF) and the Energy Distribution System (EDS). Continuing areas of focus include: water infiltration, corrosion of the structural metal components, and safety items. Mr. Ragsdale indicated that the quality, character and performance of the vaults have improved greatly over the last few years.



Mr. Ragsdale and Mr. Jacobs provided the Board an update on the natural gas spending. By hedging less and buying more gas at-market in recent months, the total gas costs have been reduced. Actual total gas costs to date are much lower than what was budgeted for FY 2011.

Mr. Jacobs reviewed the FY 2011 costs to date report. Through the end of this period of operations, approximately 63% (\$12,883,356) of the FY 2011 budget (\$20,302,800) was expended. As a result of lower gas sales due to lower gas prices, the total revenues were down. Mr. Jacobs and Mr. Ragsdale also reviewed the preliminary budget for FY 2012, which reflects higher revenues due to projected sales to the Music City Convention Center. The Metro funding amount will decrease by approximately 3.4% and the overall FY 2012 budget will potentially increase by 2.2%.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. The Board was provided updates on the active and proposed DES capital projects, as well as projects that are closing-out. Mr. Ragsdale discussed an idea for a potential future capital project that could possibly save thousands of dollars in energy costs and could be beneficial when adding new DES customers. This project would involve having a large storage tank offsite to store chilled water produced during "off peak" hours for use during "high peak" times, when the electricity costs are higher due to the TVA's "time of use" rates.

The Board received an update on the Music City Convention Center expansion project and was shown photographs of the progress in various areas. The project is on schedule and a lot of progress has been made. The steam, condensate and chilled water lines are scheduled to be connected within the next few weeks and four of the five new vaults have been set.

Mr. Phil Ryan provided an update on the various MDHA development projects taking place on Rolling Mill Hill, the reconstruction of Hermitage Avenue, the Trolley Barns Commercial Spaces, Rolling Mill Hill Lofts, Nance Place, and the future development of the Ryman Lofts.

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

The next Board Meeting will be held Thursday, August 18, 2011 at 10:00 A.M.

Prepared by: _____

Approved: _____

Robin Lamborn, DES Advisory Board Secretary

Karen Bennett, Chair, DES Advisory Board

Date: _____

Date: _____

Approved: _____

Bob Lackey, DES Liaison

Date: _____