

**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
November 19, 2009**

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
Tom Thompson
Joy Harris

Phil Ryan
Brian Taylor

Board Members not Present:

Richard Riebeling
Yuri Cunza
Thomas Turner

Nancy Whittemore

Others Present: Kevin Jacobs, Michael Bradley, and Tim

Hestle

The meeting was called to order and began at 10:20 A.M. Note: Meeting start was delayed due to earlier ceremony honoring former Advisory Board Members Charles Harrison, J.B.Loring, and Joe Sweat.

A motion to approve the minutes of the previous 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. Jacobs and Mr. Ragsdale reviewed with the Board the operations data for Steam and Chilled water production.

Customer cost information was reviewed for both steam and chilled water for private, state, and Metro customers. For comparative periods of October 2007-September 2008 and October 2008-September 2009 both steam and chilled water costs were down.

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 the "color coding" assigned to each performance area in order to assist the Board members in understanding issues related to levels of performance. The contractor is in compliance with the operating terms of the contract.

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. It was noted that there was work necessary on some pipe insulations and handrails in the several manholes due to water infiltration and some corrosion of metal parts in some of the manholes. These items are being addressed in the repair and capital budget process.

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.

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 first quarter, 18.74% 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 and hotel would receive the first priority on sale of DES service. Other service may be possible to additional customers with DES facility expansion in the future. There was some discussion of the service line approaches that may be taken on the additional customers. Return on capital investment is a critical factor in providing additional service to customers.

The Board was then given information on the DES Emergency Response Plan. The operating contractor is required to provide an Emergency Response Plan. In addition, Metro maintains a Business Continuity and Disaster Recovery Plan on all Metro Departments. These plans are considered "confidential" under Metro Records Management guidelines. The Board was presented overview information on these plans. The Contract Administrator has also received information from the DES customers regarding their emergency plans and priority customers have been identified for temporary service if required.

Without further discussion, and upon a motion, the meeting was adjourned at 11:10 A.M

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

Prepared by: _____

Approved:

Michael Bradley, Liaison Board

Karen Bennett, Chair, DES Advisory

Date: _____

Date: _____

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