



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
August 20, 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:

Tom Thompson
Joy Harris
Thomas Turner
Phil Ryan
Brian Taylor
Nancy Whittemore
Karen Bennett

Board Members not Present:

Richard Riebeling
Yuri Cunza

Others Present: Kevin Jacobs, Michael Bradley, and Tim Hestle

The meeting was called to order and began at 10:00 A.M.

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. Brian Taylor was introduced as the newest member of the Board and Mr. Ragsdale commented on the DES web site having biographical information on the Board Members if the member desired. Also, it was mentioned that the DES Annual Report for FY 09 was now available on the web site.

Mr. Ragsdale reviewed the customer cost comparison information for Metro, State, and Private customers for the previous 12 month period. On an aggregate basis, steam costs were up 6.3% and chilled water was up 5.7%.

Mr. Jacobs and Mr. Ragsdale reviewed with the Board the operations data for Steam and Chilled water production. The contractor is in compliance with the operating terms of the contract. Mr. Jacobs again mentioned the "color coding" assigned to each performance area in order to assist the Board members in understanding issues related to levels of performance.



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Mr. Jacobs reviewed information on the operating contractor performance in FY 09, 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 and Mr. Ragsdale reviewed the conversion tables for electricity, steam, and water, as well as the plant efficiency. The contractor's performance is excellent 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.

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 "spot" or "market price." Reference was 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 were reviewed. The operating budget for FY 10 was then reviewed with the Board. The total budget for FY2009-2010 is \$20, 956,200. This represents a 6.3% decrease over last year's budget. Lower costs are expected in natural gas for the current fiscal year.

A summary of capital projects was then reviewed with the Board. Bond fund expenditures and balances were reported and summarized. An active project status report was also reviewed. The Board then received information on the new proposed Music City Convention Center and the possibility of DES service to the facility. On-going meetings are being held on the project. 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. Return on investment is a critical factor in providing additional service to customers.

Chairman Bennett inquired about emergency response plans for DES. Mr. Bradley stated that plans have been developed and information regarding the plans would be presented at the next meeting.

Without further discussion, and upon a motion, the meeting was adjourned at 11:05 A.M.

The next Board Meeting will be held Thursday, November 19, 2009 at 10:00 A.M.

Prepared by: _____

Michael Bradley, Liaison

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____

Date: _____