Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
May 21, 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:	**Board Members not Present:**
Richard Riebeling	Tom Thompson
Karen Bennett	Nancy Whittemore
Joy Harris	Joe Sweat
Thomas Turner	Yuri Cunza
Phil Ryan	

Others Present: Kevin Jacobs, Jon Belcher, Michael Bradley, Joe Hooper, Tim Hestle, and Mary Ann Queen

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The meeting was called to order and began at 10:05 A.M.

Approval of the minutes of the previous meeting was deferred until a quorum of the Board is present.*

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

Mr. Ragsdale reviewed the customer cost comparison information for Metro, State, and Private customers for the previous 12 months. On an aggregate basis, steam costs were up 5.9% and chilled water was down 0.2%. It was noted that Chilled Water sales were down by 12% over the previous year. This may be due to improvements in building operations and fewer cooling degree days.

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.

Mr. Jacobs reviewed information on the operating contractor performance, 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. There was some discussion regarding the water and the treatment applications being applied by the contractor. Mr. Ragsdale indicated that this was being monitored to ensure the levels were in acceptable ranges.

Mr. Belcher 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 the 3rd quarter were reviewed. The proposed operating budget for FY 10 was then reviewed with the Board. The total budget for FY2009-2010 is $20, 956,700. The recommended budget is subject to change as the budget process moves forward, pending Council approval. The recommended Capital budget is $2.4m for next 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.

The Board received a slide-show presentation on the Energy Distribution System tunnel system which included a number of photographs of potions of the tunnels, and comments regarding on-going projects and plans to address tunnel maintenance issues.

Without further discussion the meeting was adjourned at 11:10 A.M.

The next Board Meeting will be held Thursday, August 20, 2009 at 10:00 A.M.

* A quorum was later present and the minutes were approved.

Prepared by: ____________________________ Approved: ____________________

Michael Bradley, Liaison Karen Bennett, Chair, DES Advisory Board

Date: ______________________ Date: _____________________