



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
November 17, 2011**

Minutes of Meeting

The meeting was held at the Energy Generation Facility at 90 Peabody Street Nashville, TN 37210

Facilitators: Harry Ragsdale, DES Project Contract Administrator and Kevin Jacobs, Thermal Engineering Group

Board Members Present:

Karen Bennett
Lannie Holland *on behalf of Richard Riebeling*
Phil Ryan
Dianna Stephens *on behalf of Nancy Whittemore*
Brian Taylor

Board Members not Present:

Yuri Cunza
Joy Harris
Richard Riebeling
Tom Thompson
Tom Turner
Nancy Whittemore

Others Present:

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.

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

Mr. Ragsdale discussed the customer cost comparison for the previous twelve (12) months. On an aggregate basis, the steam costs were down 4.16% due to fuel prices remaining low. Chilled water costs had a slight increase of 4.41% due to the new TVA/NES time of use rates. For the first quarter of FY12, the steam sales were up due to the colder weather and chilled water sales were slightly down as a result of fewer cooling degree days.

Mr. Jacobs discussed the review of the contractor's performance for the first quarter of FY12 and reviewed the conversion tables for electricity, water, and plant efficiency. The contractor's performance continues to remain excellent in all areas.

Mr. Ragsdale and Mr. Jacobs reviewed the results of the inspections of both the Energy Generating Facility (EGF) and the Energy Distribution System (EDS). Mr. Jacobs indicated that Constellation is doing a good job of maintaining both the facility and the distribution system. Continuing areas of focus include: water infiltration, corrosion of the structural metal components, and safety items.

Mr. Ragsdale and Mr. Jacobs provided an update on the FY12 gas spending and budget comparison. For the first quarter of FY12, steam sales were higher due to the colder weather we had in September.



However, the actual total fuel costs to date were 11.3% lower than what was budgeted due the unit cost of fuel remaining low. Gas prices have leveled off and the actual and projected unit costs are very close to the market unit prices.

Mr. Ragsdale and Mr. Jacobs reviewed the FY12 costs to date report. Through the end of this period of operations, approximately 22.40% (\$4,651,820) of the FY12 budget (\$20,768,100) has been expended.

Mr. Jacobs and Mr. Ragsdale provided the Board with an update on capital expenditures. Bond fund expenditures and available balances were reported and summarized. The total remaining balance as of 11/09/11 was approximately \$5.7 million.

Mr. Ragsdale and Mr. Jacobs provided the Board with updates on the various active and proposed DES capital projects, as well as projects that are closing-out.

Mr. Ragsdale discussed the Thermal Storage System project, which is currently in the design/evaluation phase. Some of the benefits to this project include: a reduction of the electric peak demand charges, a slight reduction of the monthly energy costs, and an increased potential for customer expansion.

The Board received an update on the Music City Center expansion project. Mr. Jacobs indicated that the steam and condensate lines that run to the building are complete and have been started up. The chilled water lines are currently filled with City water, however they are not pressurized at this time.

Mr. Ragsdale and Mr. Jacobs discussed potential opportunities to gain new DES customers. Mr. Ragsdale indicated that discussions with the Nashville Hyatt Place representatives have been positive and they are currently working on arrangements to provide service to them. Discussions with the Medical Mart representatives are ongoing, as they continue to show interest in becoming a DES customer. The Omni Hotel has decided against becoming a DES customer.

A motion to approve the minutes of the August 18, 2011 Board Meeting was made, seconded and approved by the Board.

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

The next Board Meeting will be held Thursday, May 17, 2012 at 10:00 A.M.

Prepared by: _____

Robin Lamborn, DES Advisory Board Secretary

Date: _____

Approved: _____

Bob Lackey, DES Liaison

Date: _____

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____