



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
November 18, 2010**

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
Brian Taylor
Tom Thompson
Jim Thiltgen *on behalf of Phil Ryan*
Lannie Holland *on behalf of Richard Riebeling*

Board Members not Present:

Tom Turner
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 10:02 A.M.

A motion to approve the minutes of the May 20, 2010 and August 19, 2010 Board Meetings 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 discussed the review of the contractor performance for the first quarter of FY11 and indicated the contractor is in compliance with their contractual obligations.

Mr. Ragsdale and Mr. Jacobs both discussed steam and chilled water production performance measures. On an aggregate basis, the previous twelve (12) month steam costs were down 22.9% due to lower fuel prices and less customer consumption. Chilled water costs had an increase of 3.6% due to warmer temperatures during the summer months.

Mr. Jacobs discussed the conversion tables for electricity, steam, and water with the Board. Mr. Jacobs also discussed the steam plant efficiency and the water treatment. The contractor's performance is excellent in all of these areas.

Mr. Ragsdale and 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 (including flood related issues).

Mr. Jacobs 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 been within budget each year, but has at times exceeded the market price. The hedging policy was discussed as was the intent to forward purchases up to eighteen (18) months in order to get a better price. Mr. Jacobs indicated the actual cost of natural gas for FY 2011 was 30% lower than the amount budgeted.

Mr. Ragsdale reviewed the financial reports for the 1st quarter of FY 2011 with the Board. Through the end of this period of operations, approximately 22% (\$4,461,089) of the FY 2011 budget (\$20,302,800) was expended.

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. The Board received an update on the Music City Convention Center expansion project. Mr. Ragsdale indicated the project is on schedule and moving along quickly. Mr. Ragsdale discussed the modifications required at the EGF and also discussed diversification of peak load and demand related to potential new customer opportunities.

Mr. Ragsdale and Mr. Jacobs provided the Board with a damage report on the May 2010 flood and provided a summary of estimated costs to repair damages, the amount FEMA is to reimburse DES and the net cost to Metro. Staff is continuing to work with FEMA through the claims process.

Bob Lackey welcomed Jim Thiltgen, who was appointed as Phil Ryan's designee, and Lannie Holland, who was appointed as Richard Riebeling's designee. Mr. Lackey also informed the Board that Dianna Stephens has been appointed as Nancy Whittemore's designee.

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

The next Board Meeting will be held Thursday, February 17, 2011 at 10:00 A.M.

Prepared by: _____

Robin Lamborn, DES Advisory Board Secretary

Date: _____

Approved: _____

Karen Bennett, Chair, DES Advisory Board

Date: _____

Approved: _____

Bob Lackey, DES Liaison

Date: _____