

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
APRIL 29, 2014 – 5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, April 29, 2014, at 5:30 p.m.

Chairperson Doyle Tubandt called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Warren Heidbreder, Steven Bradford, Joan Axel, and Doyle Tubandt.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen of Muscatine Power and Water (MP&W).

Chairperson Tubandt asked if there was anyone in attendance who wished to make any public comments. There were no public comments.

The minutes of the March 27, 2014, regular meeting were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee McGinnis, that the March 27, 2014, meeting minutes be approved as submitted. After discussion, all Trustees present voted aye. Motion carried. Meeting minutes of the March 24, 2014, Audit/Finance Committee Meeting were received and placed on file.

The list of expenditures and transactions for March 2014 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee McGinnis moved, seconded by Trustee Heidbreder, to ratify payment of \$9,175,996.89 for the Electric Utility, \$341,104.76 for the Water Utility, and \$765,209.97 for the Communications Utility for a cumulative total of \$10,282,311.62. All Trustees voted aye. Motion carried.

The next item on the agenda was a recommendation to approve two revised project summary forms for two water main replacements projects. The Palm Street Water Main Replacement Project and the Park Avenue Water Main Replacement Project were submitted and approved with the 2014 Operating Budget with a combined expenditure of \$360,690. The scope of the projects have since been thoroughly defined and estimated to include the correct type of material, quantity of pipe and service, and Utility labor/materials. The Palm Street Water Main Replacement Project cost has a revised expenditure of \$160,690 (increase of \$66,640) and the Park Avenue Water Main Replacement Project has a revised expenditure of \$196,150 (decrease of \$70,490) for a combined net decrease of \$3,850. After additional discussion, Trustee Axel moved, seconded by Trustee Heidbreder, that the revised project summary forms for the Palm Street Water Main Replacement Project and the Park Avenue Water Main Replacement

Project be approved for a combined amount of \$356,840. All Trustees voted aye. Motion carried.

The next agenda item was a recommendation to tentatively approve plans and specifications of the 2014 Water Main Replacements - State Revolving Loan Fund Projects and set dates for the receipt of bids and to conduct a public hearing for these projects. These water main replacement projects include construction of 4,775 feet of 6-8" Ductile Iron Pipe (DIP) and High Density Polyethylene (HDPE) water mains and were approved by the Board with the 2014 Operating Budget, and as subsequently revised, for a total expenditure of \$766,990. These projects have been identified as being eligible for a low interest loan from the State Revolving Loan Fund (SRF), which is one of Iowa's primary sources of financing drinking water and wastewater infrastructure projects. SRF has pre-approved the projects. There is an expected 2% interest rate on the loan balance including a 0.25% servicing fee with a term of up to 20 years; there is also a 0.50% origination fee. The final loan program terms and documentation are expected to be issued soon. Currently, IDNR is conducting an environmental review for the Palm Street Water Main Replacement Project due to its historical/environmental review process (the other water main replacement projects were granted exclusion); once this review is completed, SRF requires a public notice and hearing to be conducted by MP&W. In this case, the Utility will follow its normal Competitive Bid procurement process and hold a public hearing on the intended borrowing, but also have an additional IDNR required public hearing. It was asked that the Board tentatively approve plans and specifications for performing this work and appoint Mr. Ryan Wilson, MP&W Project Engineer, to conduct the IDNR required public hearing on the Board's behalf and approve the dates and times that have been established for the Competitive Bid and other public hearings. After discussion and additional review of the project, the following resolutions were submitted:

RESOLUTION 14-07

WHEREAS, revised plans and specifications have been prepared for the 2014 Water Main Replacements - State Revolving Loan Fund Projects; and,

WHEREAS, said proposed plans and specifications and proposed form of contract were now on file with the Secretary of the Board and the Board finds the same were in substantial conformity with the requirements necessary to carry out said plans; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications in the proposed form for the 2014 Water Main Replacements - State Revolving Loan Fund Projects were tentatively approved; and,

BE IT FURTHER RESOLVED that the date of May 8, 2014 at 3:00 p.m., CST, was hereby set for receipt of bids on said project at which time the Board's duly appointed representative was hereby authorized, empowered, and directed to receive, open and read aloud all sealed bids, and receive and record all oral

bids, and keep a written record of said proceedings and notice to bidders; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held in the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on May 27, 2014, at 5:28 p.m., CST, and notice to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the Code of Iowa.

Trustee Axel moved, seconded by Trustee McGinnis, that the said resolution should be passed, approved, and adopted on this 29th day of April 2014. Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none.

RESOLUTION 14-08

*RESOLUTION FIXING DATE FOR A MEETING ON THE AUTHORIZATION OF A
LOAN AND DISBURSEMENT AGREEMENT AND THE ISSUANCE OF NOT TO
EXCEED \$766,990.00 WATER REVENUE CAPITAL LOAN NOTES OF
MUSCATINE POWER AND WATER, MUSCATINE, IOWA, AND PROVIDING FOR
PUBLICATION OF NOTICE THEREOF*

WHEREAS, it is deemed necessary and advisable that Muscatine Power and Water, Muscatine, Iowa (the "Issuer") should provide for the authorization of a Loan and Disbursement Agreement and the issuance of Water Revenue Capital Loan Notes, in the amount of not to exceed \$766,990.00, as authorized by Sections 384.24A and 384.83, Code of Iowa, as amended, for the purpose of providing funds to pay costs as hereinafter described; and

WHEREAS, the Issuer has applied for a loan through the Iowa Drinking Water State Revolving Fund Program pursuant to which the Iowa Finance Authority has agreed to purchase the Notes and has requested that such Notes be issued as a single Note in a denomination equal to the total amount of the issue as authorized by Chapter 384 of the Code of Iowa; and

WHEREAS, the Loan and Disbursement Agreement and Note shall be payable solely and only out of the net earnings of the Municipal Water Utility and shall be a first lien on the future net earnings of the Utility; and shall not be general obligations of the Issuer or payable in any manner by taxation and the Issuer shall be in no manner liable by reason of the failure of the net revenues to be sufficient for the payment of the Loan and Disbursement Agreement and Note; and

WHEREAS, before a Loan and Disbursement Agreement may be authorized and Water Revenue Capital Loan Notes issued to evidence the obligation of the Issuer thereunder, it is necessary to comply with the provisions of the Code of Iowa, as amended, and to publish a notice of the proposal and of

the time and place of the meeting at which the Board proposes to take action for the authorization of the Loan and Disbursement Agreement and Notes and to receive oral and/or written objections from any resident or property owner of the Issuer to such action.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF MUSCATINE POWER AND WATER, MUSCATINE, IOWA:

Section 1. That this Board met at 3205 Cedar Street, Muscatine, Iowa, at 5:30 p.m., on the 29th day of April, 2014, for the purpose of taking action on the matter of the authorization of a Loan and Disbursement Agreement and the issuance of not to exceed \$766,990.00 Water Revenue Capital Loan Notes to evidence the obligations of the Issuer thereunder, the proceeds of which will be used to provide funds to pay the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Municipal Water Utility, including those costs associated with improvements, replacements, and extensions to the municipal water system.

Section 2. That the Secretary is hereby directed to cause at least one publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in said Issuer, said publication to be not less than four (4) days nor more than twenty (20) days before the date of said public meeting on the issuance of the Notes.

Section 3. The notice of the proposed action shall be in substantially the following form:

NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF MUSCATINE POWER AND WATER, MUSCATINE, IOWA ON THE MATTER OF THE PROPOSED AUTHORIZATION OF A LOAN AND DISBURSEMENT AGREEMENT AND THE ISSUANCE OF NOT TO EXCEED \$766,990.00 WATER REVENUE CAPITAL LOAN NOTES, AND THE PUBLIC HEARING ON THE AUTHORIZATION AND ISSUANCE THEREOF

PUBLIC NOTICE is hereby given that the Board of Trustees of Muscatine Power and Water, Muscatine, Iowa, will hold a public hearing at 5:26 p.m., on the 27th day of May, 2014, at 3205 Cedar Street, Muscatine, Iowa, at which meeting the Board proposes to take additional action for the authorization of a Loan and Disbursement Agreement by and between the Issuer and the Iowa Finance Authority, and the issuance to the Iowa Finance Authority of not to exceed \$766,990.00 Water Revenue Capital Loan Notes to evidence the obligations of the Issuer under said Loan and Disbursement Agreement, in order to provide funds to pay the costs of acquisition, construction, reconstruction, extending, remodeling,

improving, repairing and equipping all or part of the Municipal Water Utility, including those costs associated with improvements, replacements, and extensions to the municipal water system. The Notes will not constitute general obligations or be payable in any manner by taxation, but will be payable from and secured by the net revenues of the Municipal Water Utility.

At the above meeting the Board shall receive oral or written objections from any resident or property owner of the Issuer, to the above action. After all objections have been received and considered, the Board will at this meeting or at any adjournment thereof, take additional action for the authorization of said Loan and Disbursement Agreement and the issuance of Notes or will abandon the proposal to issue the Notes.

This Notice is given by order of the Board of Trustees of Muscatine Power and Water, Muscatine, Iowa, as provided by Sections 384.24A and 384.83 of the Code of Iowa, as amended.

Dated this 29th day of April, 2014.

*Jerry Gowey
Secretary of Muscatine Power and Water,
Muscatine, Iowa*

(End of Notice)

Trustee Heidbreder moved, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted on this 29th day of April 2014. Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none.

RESOLUTION 14-09

WHEREAS, it appears in a written report from the Board's staff that a required public hearing for the Department of Natural Resources on the 2014 Water Main Replacements - State Revolving Fund Projects should be conducted; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that a public hearing be conducted on the said project in the office of the Board of Trustees on June 26, 2014 at 2:00 p.m. CDT and notice to the citizens be published not less than four (4) days nor more than twenty (20) days prior to said hearing, at which time the Board's duly appointed representative is hereby authorized, empowered, and directed to receive all oral and written comments from any resident or property owner of the Issuer, and keep a written record of said proceedings; and

BE IT ALSO RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that written comments will need to be received and placed into the written comments by the close of business on June 25, 2014.

Trustee Bradford moved, seconded by Trustee McGinnis, that the said resolution should be passed, approved, and adopted on this 29th day of April 2014. Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none.

Mr. LoBianco next introduced a recommendation to approve a revised project summary form the A/O Center Roof Replacement Phase 1 Project with an expenditure of \$181,815 for an increase of \$71,815; this project was originally submitted and approved with the 2014 Operating Budget. Mr. LoBianco explained that the scope of the original project included only replacing only one section of the A/O Center roof with remaining roof sections budgeted for replacement in future years. Due to the many roof leaks that were repaired last year and the many new leaks that have occurred over the recent winter months, two additional roof sections should be completed this year leaving only one remaining section to be replaced in 2015. He concluded that an asphalt repair project budgeted for 2014 would be deferred to 2015 to partially offset the additional cost for this project. After additional discussion, Trustee McGinnis moved, seconded by Trustee Axel, that the revised project summary forms for the A/O Center Roof Replacement Phase 1 Project be approved for an amount of \$181,815. All Trustees voted aye. Motion carried.

Next, Mr. LoBianco advised that it was management's recommendation that rates for MPW Digital TV be adjusted effective May 1, 2014, due to the Utility declining participation in the agreement between National Cable Television Cooperative (NCTC) and content provider Viacom due to unreasonable rates required in the new contract. A Customer Survey was performed and with overwhelming customer support, Viacom programming (19 networks) will be removed from MPW Digital TV as of May 1, 2014. It is being recommended that the Board approve a new Select tier price of \$61.99, a decrease of \$2.00. It is also being recommended that the General Manager continue to be responsible for approving tier pricing, premium services, equipment fees, promotional packages, and discounts to assure the financial viability of the Communications Utility; this would include a decrease at this time to the Preferred tier, making it a price of \$72.99, a decrease of \$3.00. No other pricing changes are recommended for Board approval at this time. After additional discussion, the following resolution was submitted.

RESOLUTION 14-10

WHEREAS, review of the financial condition of the Communications Utility has been completed and reviewed with the Board of Water, Electric, and Communications Trustees (Board) for its consideration; and,

WHEREAS, the Board has reviewed this information and determined that a revenue decrease is in order; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that effective for services received on or after May 1, 2014, the Communications Utility's price structure for MPW DigitalTV Select service shall be \$61.99 per month; and,

BE IT FURTHER RESOLVED, that the General Manager of Muscatine Power and Water shall continue to be responsible for approving price tiers, premium services, equipment fees, promotional packages, and discounts for all Muscatine Power and Water's Communications services as deemed necessary to ensure the financial viability of the Communications Utility; and

BE IT FURTHER RESOLVED, that proper notice be given to consumers in accordance with the terms of the contracts, Federal Communications Commission (FCC) and Iowa State Code.

Trustee Bradford moved, seconded by Trustee Axel, that the said resolution should be passed, approved, and adopted on this 29th day of April 2014. Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none.

Mr. LoBianco stated that the 2013 Muscatine Power and Water Annual Report has been completed and introduced Ms. Cox to present the report. Ms. Cox pointed out that the annual reports had been distributed to each of the Board members and asked if they had any questions about the report. She went on to explain how and to whom the annual report, along with the tri-fold highlights summary report, would be distributed to, including customer/owners and employees. Ms. Cox told the Board that Sycamore Printing was in the first year of a three year publication contract and that staff at Sycamore Printing were very good to work with, met all deadlines, and produced a quality report. Trustee Heidbreder moved, seconded by Trustee McGinnis, that the 2013 Annual Report be received and placed on file as submitted. All Trustees present voted aye. Motion carried.

Mr. LoBianco reminded the Board that the revised Service Rules were presented to the Board of Trustees at the March Board meeting for information and review. No additional feedback was received from the Board regarding the Service Rules. After discussion Trustee McGinnis moved, seconded by Trustee Bradford, to approve the Service Rules for the Water, Electric, and Communications Utilities as presented at the March 27, 2014, Board of Trustees Meeting. All Trustees present voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum that included an update submitted by Ms. Olson regarding the APPA Legislative Rally and write-up submitted by Mr. Huston regarding the MISO Capacity Auction Results for 2014-2015. The report also recognized MP&W's achievement of the APPA RP3 Designation; MP&W received its first ever Diamond designation during the recent APPA Engineering and Operations Technical Conference. Mr. LoBianco continued that only six other Utilities achieved this distinction for the 2013 application period and thanked the employees who had completed the assessment resulting in a score of 100 out of 100 points for MP&W.

The YTD and March Financial Operating Statements and Balance Sheets and Quarterly Investment Report were presented as previously submitted to all Board members in written form. Mr. LoBianco stated that financials would be covered in the Key Performance Indicators presentation. Trustee Axel moved, seconded by Trustee Bradford, to receive and place on file the YTD and March Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities and the Quarterly Investment Report. All Trustees present voted aye. Motion carried.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Bradford, to receive and place on file the Quarterly Project Status Report and Variance Analysis. All Trustees present voted aye. Motion carried.

The Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities were previously submitted to all Board members in written format. Mr. LoBianco asked each critical issue leader to review the status of their critical issue and stated that Mr. Gowey would review the key performance indicators. After review and discussion, Trustee Heidbreder moved, seconded by Trustee Axel, to receive and place on file the First Quarter 2014 Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members in written form. There were no items for approval.

The March departmental reports were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Axel, to receive and place on file the March departmental reports. All Trustees present voted aye. Motion carried.

The meeting was adjourned at 7:25 p.m.

BOARD OF WATER, ELECTRIC, AND
COMMUNICATIONS TRUSTEES OF THE
CITY OF MUSCATINE, IOWA



Jerry Gowey
Board Secretary