

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
MAY 31, 2016 – 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, May 31, 2016, at 5:30 p.m.

Chairperson Steven Bradford called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Tracy McGinnis, and Steven Bradford; Trustee Warren Heidbreder was present by phone due to previously scheduled travel plans. Trustee Doyle Tubandt was absent.

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

Chairperson Bradford recommended that in the absence of Board Secretary Jerry Gowey, Brenda Christensen be appointed Acting Board Secretary for the May 31, 2016, meeting. Trustee McGinnis moved, seconded by Trustee Heidbreder, to appoint Ms. Christensen as Acting Board Secretary for the May 31, 2016, Board of Trustees meeting. All Trustees present voted aye. Motion carried.

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

The minutes of the April 26, 2016, regular meeting and the May 6, 2016, special meeting were presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee McGinnis, that the minutes from the April 28, 2016, regular meeting and the May 6, 2016, special meeting be approved as submitted. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for April 2016 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 \$8,455,282.92 for the Electric Utility, \$483,240.39 for the Water Utility, and \$980,029.49 for the Communications Utility, for a cumulative total of \$9,918,552.80. All Trustees present voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as a recommendation to approve a revised Project Summary Form for the Install 134 MVA Autotransformer at South Substation Project with a revised expenditure cost of \$4,072,000. This project was originally submitted and approved with the 2013 Operating Budget with a project cost of

\$3,475,000 to install a new 134 MVA autotransformer in parallel with an existing 75 MVA transformer, construct a 161 kV bus and install additional 161 kV circuit breakers, and to construct a new 69 kV tie with a new 69 kV circuit breaker. The project budget is being revised to reflect changes to the scope of the project. The original project was planned to be completed using internal resources for engineering; the revised scope includes the use of an outside engineering consultant that has subsequently recommended a number of changes to the project plan. These upgrades were not part of the original scope and include expansion of the ground grid within the substation, upgrades to the ampacity of the substation bus, modifications to the lightning protection masts for the transformer, replacement of an oil circuit breaker to match new SF6 breakers, and oil spill containment for the new autotransformer. The changes recommended by the consultant will improve the reliability of the substation and meet compliance with North American Electric Reliability Corporation (NERC) and National Electric Safety Code standards. After additional discussion, Trustee Heidbreder moved, seconded by Trustee McGinnis, that the revised Project Summary Form for the Install 134 MVA Autotransformer at South Substation Project with a revised expenditure cost of \$4,072,000 be approved. All Trustees present voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as a request to authorize the General Manager to enter into an extended coal transportation agreement through December 31, 2022 with the BNSF Railway Company (BNSF). Mr. LoBianco introduced Brad Spratt, Manager Supply Chain Services, to answer any questions the Board might have. Mr. LoBianco reviewed the route alternatives available to get to MP&W; he also reviewed the changes in the extended contract and the benefits to MP&W. After questions and discussion, Trustee Eversmeyer moved, seconded by Trustee Heidbreder, to authorize the General Manager to enter into an extended coal transportation agreement through December 31, 2022 with BNSF . All Trustees present voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco reviewed a 2016 State Legislative Summary prepared by Ms. Olson that summarized bills passed that affect MP&W.

The April 2016 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. After review and discussion, Trustee Heidbreder moved, seconded by Trustee McGinnis, to receive and place on file the April 2016 Financial Operating Statements and Balance Sheets 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 April 2016 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Eversmeyer, to receive and place on file the April 2016 Departmental Reports. All Trustees present voted aye. Motion carried.

Chairperson Bradford recommended that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1.i) to review the performance evaluations

completed by the General Manager for the Directors and the performance evaluation completed by the Board of Trustees for the General Manager. Trustee Eversmeyer moved, seconded by Trustee McGinnis, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1.i) for the purpose of reviewing management performance. On roll call, Trustees Heidbreder, Eversmeyer, McGinnis and Bradford voted aye. Voting nay, none. Trustee Tubandt was absent.

The meeting was closed to the public at 6:05 p.m. All attendees left the meeting except for the General Manager and the Trustees.

At 6:45 p.m. Mr. LoBianco left the closed session.

Trustee Heidbreder moved, seconded by Trustee Eversmeyer, to reconvene the meeting to open session. At 7:10 p.m. the meeting was reconvened to open session.

Trustee Eversmeyer moved, seconded by Trustee McGinnis to ratify salary adjustments effective July 1, 2016, as recommended by the General Manager for the Directors and to adjust the salary of the General Manager in accordance with his performance and the Salary Administration Program. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 7:15 p.m.

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CITY OF MUSCATINE, IOWA



Brenda K. Christensen
Acting Board Secretary