

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
OCTOBER 31, 2017 – 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, October 31, 2017, at 5:30 p.m.

Acting Chairperson Keith Porter called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Steven Bradford, and Keith Porter. Trustees Tracy McGinnis and Doyle Tubandt were absent due to previously scheduled travel plans.

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

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

The minutes of the September 26, 2017, public hearing and regular meeting were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Eversmeyer, that the September 26, 2017, public hearing and regular meeting minutes be approved as submitted. All Trustees present voted aye. Motion carried. The meeting minutes from the September 26, 2017, Audit/Finance Committee Meeting were received and placed on file.

The list of expenditures and transactions for September 2017 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 Bradford, to ratify payment of \$7,758,103.27 for the Electric Utility, \$831,621.11 for the Water Utility, and \$1,434,363.74 for the Communications Utility, for a cumulative total of \$10,024,088.12. All Trustees present voted aye. Motion carried.

The next agenda item was a recommendation to approve a resolution authorizing the Communications Revenue Loan Agreement. Mr. LoBianco stated that in order to issue bonds for the Communications Utility, secured by the net revenues of the Communications Utility, Iowa Code Chapter 384, Division V (the "Code") sets forth borrowing authority for entities such as Muscatine Power and Water (MP&W). He continued that pursuant to the provisions of the Code and in connection with the authorization and issuance of the Communications Revenue Bonds, Series 2017 (the "Bonds"), Bond Counsel, Dorsey and Whitney, LLP, has drafted a resolution relating to the Bonds. In addition, documents referenced within the resolution were also provided to the board with a brief description explaining each document. The documents reflected an issuance in the amount of \$10,000,000.

RESOLUTION NO. 17-45

Resolution approving a Communications Revenue Loan Agreement and providing for the issuance and securing the payment of \$10,000,000 Communications Revenue Bonds, Series 2017

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, did heretofore establish the Muscatine Communications Utility System (the "Communications Utility") of Muscatine Power and Water ("Muscatine Power and Water" or the "Issuer") and for which the Communications Utility provides cable communication, television system, telephone and telecommunications systems and services in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Communications Utility are vested in the Board of Trustees of the Water, Electric and Communications (the "Board") of Muscatine Power and Water; and

WHEREAS, the City, acting by and through the Board, proposed to enter into a Communications Revenue Loan Agreement (the "Loan Agreement") and borrow money in a principal amount not to exceed \$12,000,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent of constructing cable communication, television system, telephone and telecommunications systems improvements and extensions to the municipal Communications Utility (the "Project"), and has published notice of the proposed action and has held a hearing thereon on October 31, 2017; and

WHEREAS, it is now necessary at this time to authorize and approve the Loan Agreement and to make provision for the issuance of \$10,000,000 Communications Revenue Bonds, Series 2017 (the "Bonds");

NOW, THEREFORE, Be It Resolved by the Board of Muscatine Power and Water acting with respect to the Communications Utility, as follows:

Section 1. It is hereby determined that the Issuer shall enter into the Loan Agreement with First National Bank of Muscatine, Muscatine, Iowa (the "Purchaser") in substantially the form attached hereto providing for a loan to the Issuer in the amount of \$10,000,000 for the purposes as set forth in the preamble hereof.

The Chairperson and Board Secretary are authorized and directed to sign the Loan Agreement on behalf of the Board, and the Loan Agreement is hereby approved.

Section 2. The Bonds are hereby authorized to be issued in evidence of the obligation of the Issuer under the Loan Agreement, in the total aggregate principal amount of \$10,000,000, and shall be dated as of the date of its delivery to the Purchaser and shall be payable as to both principal and interest in the manner hereinafter specified.

Principal of the Bonds shall bear interest until paid from the date of the Bonds or from the last date on which interest has been paid at the rate of 2.95% per annum. Both principal of and interest on the Bonds shall be payable in nineteen (19) equal quarterly installments in the amount of \$540,916.15 each, due on March 31, June 30, September 30 and December 31 in each of the years 2018 to 2022, inclusive, commencing March 31, 2018 and continuing to and including September 30, 2022, with one final installment of all remaining principal and interest due thereon at maturity on December 31, 2022. All payments shall be applied first to the payment of interest due and next to the reduction of principal. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 3. The Board Secretary is hereby designated as the registrar and paying agent for the Bonds and may be hereinafter referred to as the "Registrar" or the "Paying Agent."

The Issuer reserves the right to prepay principal of the Bonds in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest.

The Bonds shall be executed on behalf of the Issuer with the official manual or facsimile signature of the Chairperson and attested with the official manual or facsimile signature of the Board Secretary, and shall be fully registered Bonds without interest coupons. The issuance of the Bonds shall be recorded in the office of the City Treasurer, and the certificate on the back of each Bond shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds and the interest thereon, together with any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth herein (which additional obligations are hereinafter sometimes referred to as "Parity Obligations"), shall be payable solely from the Net Revenues of the Communications Utility and the Sinking Fund hereinafter referred to, both of which are hereby pledged to the payment of the Bonds. The Bonds shall be a valid claim of the owners thereof only against said Net Revenues and Sinking Fund. None of the Bonds shall be a general obligation of the City or the Communications Utility, nor payable in any manner by taxation, and under no circumstances shall the City or the Communications Utility be in any manner liable by reason of the failure of the Net Revenues of the Communications Utility to be sufficient for the payment in whole or in part of the Bonds and the interest thereon.

The Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the Issuer kept by the Registrar, and after such registration, payment of the principal and interest thereof shall be made only to the registered owners, their legal representatives or assigns. Each Bond shall be transferable only upon the registration books of the Issuer upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of the owners of the Bonds shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 4. The Bonds shall be in substantially the following form:

(form of Bond)

UNITED STATES OF AMERICA
STATE OF IOWA; COUNTY OF MUSCATINE
MUSCATINE POWER AND WATER
MUSCATINE COMMUNICATIONS UTILITY SYSTEM
COMMUNICATIONS REVENUE BOND, SERIES 2017

No. 1 \$10,000,000

<u>RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>
2.95%	December 31, 2022	December 14, 2017

The Muscatine Communications Utility System of Muscatine Power and Water ("Muscatine Power and Water" or the "Issuer"), in the City of Muscatine (the "City"), State of Iowa, for value received, promises to pay on the maturity date of this Bond to:

First National Bank of Muscatine
Muscatine, Iowa

or registered assigns, the principal sum of

TEN MILLION DOLLARS

in lawful money of the United States of America, with interest on the outstanding principal hereof, at the rate per annum specified above, from the date of this Bond, or from the most recent date on which interest has been paid.

Principal of this Bond bears interest at the rate of 2.95% per annum. Both principal of and interest on this Bond are payable in nineteen (19) equal annual installments in the amount of \$450,916.50 each, due on March 31, June 30, September 30 and December 31 in each of the years 2018 to 2022, inclusive, commencing March 31, 2018 and continuing to and including September 30, 2022, with one final installment of all remaining principal and interest due thereon at final maturity on December 31, 2022.

All payments will be applied first to the payment of interest due and next to the reduction of principal. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Both principal of and interest on this Bond are payable to the registered owner appearing on the registration books of the Issuer maintained by the Board Secretary (hereinafter referred to as the "Registrar" or the "Paying Agent") at the close of business on the fifteenth day of the month next preceding the payment date in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on such registration books; provided, however, that the final installment of principal and interest will be payable only upon presentation and surrender of this Bond to the Paying Agent.

This Bond is being issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2017, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the Board of Trustees authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of this Bond (the "Resolution"), and reference is hereby made to the Resolution and the Loan Agreement for a more complete statement as to the source of payment of this Bond and the rights of the owners of this Bond.

The Issuer reserves the right to prepay principal of this Bond in whole or in part at any time prior to and in inverse order of maturity on terms of par and accrued interest.

This Bond is not a general obligation of the City or Communications Utility, but, together with any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth in the Resolution, is payable solely and only out of the future Net Revenues of the Communications Utility, a sufficient portion of which has been ordered set aside and pledged for that purpose. The Bond is not payable in any manner by taxation, and under no circumstances shall the City or Communications Utility be in any manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of this Bond and the interest hereon.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the Issuer in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The Issuer, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the Issuer, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond has existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Bond does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, Muscatine Power and Water, by its Board, has caused this Bond to be executed with the duly authorized facsimile signature of its Chairperson and attested with the duly authorized facsimile signature of its Board Secretary, all as of the Bond Date.

MUSCATINE POWER AND WATER

By: (DO NOT SIGN)
Chairperson, Board of Trustees

Attest:

(DO NOT SIGN)
Board Secretary

STATE OF IOWA
MUSCATINE COUNTY SS: CITY TREASURER'S CERTIFICATE
MUSCATINE POWER AND WATER

The original issuance of the Bonds, of which this Bond is a part, was duly and properly recorded in my office as of December 14, 2017.

(DO NOT SIGN)
City Treasurer, Muscatine, Iowa

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UTMA
TEN ENT	- as tenants by the entireties	_____
		(Custodian)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	As Custodian for _____
		(Minor)
		under Uniform Transfers to Minors Act

		(State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Bond to

(Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint _____, Attorney, to transfer this Bond on the books kept for registration thereof with full power of substitution.

Dated: _____

Signature guaranteed:

(Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signatures to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.)

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Bond in every particular, without alteration or enlargement or any change whatever.

Section 5. The Bonds shall be executed as herein provided as soon after the adoption of this resolution as may be possible and thereupon shall be delivered to the Registrar for registration, authentication and delivery to the Purchaser, upon receipt of the loan proceeds (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects.

The Loan Proceeds shall be used to (1) carry out the purposes listed in the preamble; and (2) pay costs of issuance of the Bonds. To the extent that Loan Proceeds remain after the full payment of the costs set forth in (1) and (2) in the preceding sentence, such Loan Proceeds shall be deposited into the Sinking Fund (hereinafter defined) and used for the payment of principal of and interest on the Bonds. The Issuer shall keep a detailed and segregated accounting of the expenditure of, and investment earnings on, the Proceeds to ensure compliance with the requirements of the Internal Revenue Code, as hereinafter defined.

Section 6. So long as any of the Bonds or any Parity Obligations are outstanding, the Issuer shall maintain the Communications Utility in good condition, and the Communications Utility shall continue to be operated in an efficient manner and at a reasonable cost as a revenue producing undertaking. The Issuer shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Communications Utility, including the City, to produce gross revenues (hereinafter sometimes referred to as the "Gross Revenues") at least sufficient to pay the expenses of operation and maintenance of the Communications Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property) (which such expenses are hereinafter sometimes referred to as the "Operating Expenses") and to leave a balance of net revenues (herein referred to as the "Net Revenues") equal to at least 120% of the average annual installments of principal of and interest on all of the Bonds and any other Parity Obligations outstanding from time to time, as the same become due.

Section 7. A. Communications Revenue Fund
From and after the issuance of the Bonds, and throughout the time any Parity Obligations are outstanding, the Gross Revenues of the Communications Utility shall be set aside into a separate and special fund which is hereby established, to be known and hereinafter referred to as the "Communications Revenue Fund". The Communications Revenue Fund shall be used in maintaining and operating the Communications Utility, and after payment of the Operating Expenses shall, to the extent hereinafter provided, be used to pay the principal of and interest on the Bonds and any Parity Obligations, and to create and maintain the several separate funds hereinafter established.

B. Sinking Fund.
There shall be and there is hereby created a special fund to be known and designated as the "Communications Revenue Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Communications Utility such portion thereof as will be sufficient to pay the interest upon and principal of the Bonds as the same become due, and

it is hereby determined that the minimum amount to be so set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

Beginning on January 1, 2018 and each month thereafter, an amount equal to one-third (1/3) of the installment of principal and interest coming due on the Bonds on the next succeeding quarterly payment date continuing to final maturity, until the full amount of such installment is on deposit in the Sinking Fund.

Provided, however, that no further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Bonds and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made. All such payments into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or a legal holiday, then such payments shall be made on the next succeeding secular day, and that portion of the Net Revenues on deposit in the Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Bonds and any Parity Obligations as the same shall become due and payable.

Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Communications Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

C. Surplus Fund.

There shall be and there is hereby created a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the Issuer as the Board, or such other duly constituted body as may then be charged with the operation of the Communications Utility, may from time to time direct.

Section 8. All money held in any fund created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the Issuer or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the

depositing, securing, holding and investing of public funds. All interest received by the Issuer as a result of investments under this section shall be deposited in or transferred to the Sinking Fund and used solely and only for the purposes specified herein for such fund.

- Section 9. The Issuer hereby covenants and agrees with the owner or owners of the Bonds and any Parity Obligations, or any of them, that from time to time may be outstanding, that it will faithfully and punctually perform all duties with reference to the Communications Utility required and provided by the Constitution and laws of the State of Iowa, that it will segregate the Gross Revenues of the Communications Utility and make application thereof in accordance with the provisions of this resolution and that it will not sell, lease or in any manner dispose of the Communications Utility or any part thereof, including any and all extensions and additions that may be made thereto, until all of the Bonds and any Parity Obligations shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said Bonds and Parity Obligations and interest thereon in full; provided, however, that the Issuer may dispose of any property which in the judgment of the Board, or the duly constituted body as may then be charged with the operation of the Communications Utility, is no longer useful or profitable in the operation of the Communications Utility nor essential to the continued operation thereof and when the sale thereof will not operate to reduce the revenues to be derived from the operation of the Communications Utility.
- Section 10. Upon a breach or default of a term of the Bonds or Parity Obligations and this resolution, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required under the terms of this resolution and Division V of Chapter 384 of the Code of Iowa or an action may be brought to obtain the appointment of a receiver to take possession of and operate the Communications Utility and to perform the duties required by this resolution and Division V of Chapter 384 of the Code of Iowa.
- Section 11. The Issuer hereby reserves the right and privilege of issuing Parity Obligations from time to time payable from the Net Revenues of the Communications Utility and ranking on a parity with the Bonds.
- Section 12. The Issuer agrees that so long as the Bonds or any Parity Obligations remain outstanding, it will maintain insurance for the benefit of the owners of the Bonds and any Parity Obligations on the insurable portions of the Communications Utility of a kind and in an amount which usually would be carried by municipalities engaged in a similar type of business. The Issuer will keep proper books of record and account, separate from all other records and accounts, showing the complete and correct entries of all transactions relating to the Communications Utility, and the owners of the Bonds or any Parity Obligations shall have the right at all reasonable times to inspect the Communications Utility and all records, accounts and data of the Issuer relating thereto.
- Section 13. It is the intention of the Issuer that interest on the Bonds be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury

Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof the Issuer covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Bonds will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the Issuer are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The Issuer hereby designates the Bonds as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

- Section 14. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.
- Section 15. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.
- Section 16. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Trustee Bradford moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 31st day of October 2017. On roll call Trustees Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Trustees McGinnis and Tubandt were absent. Resolution carried.

The preliminary 2018 Annual Operating Budgets for the Electric, Water, and Communications Utilities were submitted under separate cover to all Board members. Mr. LoBianco stated that the Operating Budgets were being presented for information and comments, approval of the Budgets will be requested at the November Board meeting. He continued that the assumptions driving the Budgets were designed to support the medium-term achievement of financial targets, meet the needs of our customer/owners at the lowest possible cost, and support the Critical Issues identified in the Strategic Plan. He continued that the Budgets reflect ongoing efforts to keep expenses and capital expenditures at conservative levels in response to the ongoing economic conditions; capital expenditures in all three Utilities are at levels needed to address 2018 infrastructure projects in support of the core values of safety, customer service, and reliability. Mr. Gowey provided a review of the general assumptions used and then gave a high-level review of each Utility's budget and reviewed the primary drivers for each Utility that were previously submitted to all Board members. He stated that that the drivers are based on major cash inflows and outflows for each of the Utilities, comparing 2017 to the previous two years; the primary difference between these schedules and the Income Statements is that the schedules show borrowings, debt principal repayment, and capital expenditures, and exclude depreciation/amortization. A summary of 2017 budgeted capital expenditures and major expenses over \$135,000 was also included for review. Mr. LoBianco stated that if any of the Trustees had questions or comments to please contact Mr. Gowey or him.

Mr. LoBianco continued that the State of Iowa requires that a Budget Summary for all three Utilities be prepared and a public hearing conducted on the Budget Summary to provide the public an opportunity to review and present any comments regarding the published Budget Summary. It is management's recommendation that the public hearing be set for November 28, 2017, at 5:28 p.m. The following resolution was submitted:

RESOLUTION 17-46

WHEREAS, the Budget Summary of the combined Electric, Water, and Communications Utilities is being prepared for the 2018 calendar year, and it is recommended that a public hearing be established for the review of said Budget Summary; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the Budget Estimate Summary of the combined Electric, Water, and Communications Utilities be placed on file at the office of the City Clerk and at the City Library, along with MP&W Offices, for any resident, taxpayer, or consumer to view; and,

BE IT FURTHER RESOLVED, that a public hearing be held on the 28th day of November 2017 at 5:28 p.m. in the Board Room of Muscatine Power and Water's Administration/Operations Building located at 3205 Cedar Street, Muscatine, Iowa, and the notice of said hearing shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the City of Muscatine, Iowa, not less than ten (10) nor more than twenty (20) days prior to said hearing, all as required by the Code of Iowa.

Trustee Bradford moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 31st day of October 2017. On roll call Trustees Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Trustees McGinnis and Tubandt were absent. Resolution carried.

Included with the Board's meeting materials was a condensed version of Ten-Year Financial Projections for 2018 through 2027 for the Electric, Water, and Communications Utilities in graphical format. Mr. Gowey reviewed the graphs that summarized major revenue and expense drivers, and each Utility's financial targets and the projected results in meeting those targets. Cost drivers are consistent with past projections. He continued that there is a continued focus on financial targets, which we believe are important in securing the Utilities' long-term success. The targets drive projected price increases and the need for borrowings. Consistent with the projections provided in the previous years, all three of the Utilities' projections include a recommended cash reserve level. The recommended reserve level provides approximately 90 days of operating cash in each of two funds, an operating fund and a reserve fund. Expenses continue to be monitored and controlled; lean initiatives are being utilized to assist in the continuing efforts to control and reduce expenses and increase efficiencies. After discussion, Trustee Eversmeyer moved, seconded by Trustee Bradford, to receive and place on file the Ten-Year Financial Projections for 2018 through 2027. All Trustees present voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding the recent MP&W Power Breakfast that was held on October 17th. He also reviewed a thank-you letter received from the Iowa Association of Municipal Utilities for allowing crews to

respond to a mutual aide request to Wauchula, Florida in September. The last item he reviewed was that a contract change order would be issued for the Construct Wells 47, 48, and 49 at the New Well Field contract with Cahoy Pump Service of Sumner, IA, due to problems drilling Well 47; this change order will put the Board awarded contract above the 10% threshold.

The next item on the agenda was to receive and place on file the YTD and September Financial Operating Statements and Balance Sheets for each Utility and the Quarterly Investment Report. After review by Mr. Govey, Trustee Eversmeyer moved, seconded by Trustee Bradford, that the YTD and September Financial Operating Statements and Balance Sheets for the Electric, Water, and Communications Utilities and the Quarterly Investment Report be received and placed on file. 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 and reviewed by Mr. LoBianco. Trustee Eversmeyer 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.

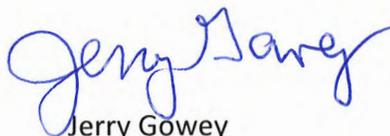
The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members in written form. There were no items for approval.

The Critical Issues and Key Performance Indicators Presentation for the Electric, Water, and Communications Utilities was the next agenda item. Mr. LoBianco suggested that due to time already spent on previous presentations that the Trustees ask any questions that they may have regarding the information provided in the Critical Issues and Key Performance Indicators Presentation. After review and discussion, Trustee Eversmeyer moved, seconded by Trustee Bradford, to receive and place on file the 2017 Third Quarter Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The September Departmental reports were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Eversmeyer, to receive and place on file the September Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting was adjourned at 6:45 p.m.

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



Jerry Govey
Board Secretary