

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
AUGUST 27, 2019 – 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, August 27, 2019, at 5:30 p.m.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Steven Bradford, Susan Eversmeyer, Kevin Fields, Keith Porter, and Tracy McGinnis.

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Jerry Gowey, Brandy Olson, Ryan Streck, and Doug White of Muscatine Power and Water (MP&W); Mike Galloway from Ahlers & Cooney.

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

The July 30, 2019, regular meeting minutes and the July 30, 2019, Audit/Finance Committee Meeting minutes were presented as previously submitted to all Board members in written form. Trustee Fields moved, seconded by Trustee Eversmeyer, that the minutes from the July 30, 2019, regular meeting be approved as submitted and that the meeting minutes of the July 30, 2019, Audit/Finance Committee Meeting be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for July 2019 were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Fields to ratify payment of \$10,266,347.54 for the Electric Utility, \$514,785.15 for the Water Utility, and \$1,373,635.86 for the Communications Utility, for a cumulative total of \$12,154,768.55. All Trustees voted aye. Motion carried.

The next agenda item was a recommendation to approve a revised Project Summary Form (PSF) for the Design & Construction of a Fiber to the Home (FTTH) System. The project was last revised as part of the 2017 Operating Budget for a budgeted amount of \$15,896,000. The project budget was then restated at the January 2019 Board Meeting to \$16,768,436 reflecting revisions to unit pricing, addition of new pay units deemed necessary as actual outside plant (OSP) construction started, and final costs of other completed portions of the Project (OSP Design, HE Design, HE Material, Middleware, and Access Equipment) were factored in. Mr. Huston continued that since the original project estimate and the start of the project, several factors have resulted in adjustments to the overall cost of the project; he reviewed the variances and suggested adjustments to the project costs that had been identified. He continued that the revised cost estimate was based on the best available information and that Management recommends Board approval of the revised PSF. After

additional discussion, Trustee Porter moved, seconded by Trustee Fields, to approve the revised PSF for the Design & Construction of a FTTH System Project. All Trustees voted aye. Motion carried.

Mr. Huston continued with the next agenda item, a recommendation to execute the second Contract Amendment with the Atlantic Engineering Group (AEG) and Contract Change Order (CCO) #2 to the Agreement for the Construction of a FTTH System Project with AEG. He continued that the changes identified in the previous topic to revise the PSF for the project, also needed to be updated with a CCO #2 and an amendment to the Contract with AEG for the project. After multiple rounds of candid discussions between both parties, Mr. Huston stated that MP&W and AEG have negotiated an agreement to adjust pay units related to underground drop construction, and update contract milestone definitions and milestone dates, with the project now slated for completion August 28, 2020, based on updated/increased construction units estimated to complete the project. He continued that based on the verbal agreement to these changes, AEG has re-engaged drop contractors and secured additional crews for the project, with additional crews starting to arrive on August 14th. The Board was provided a draft version of the Second Contract Amendment and associated Work Change Directives with AEG. The resulting CCO #2 was also provided for their review and incorporated all the current estimates of construction work required to complete the project. Mr. Huston stated Management recommends the Board authorize the General Manager to execute the second contract amendment and CCO #2 to the Agreement for the Construction of a FTTH System with AEG. Trustee Bradford moved, seconded by Trustee Eversmeyer, Board authorization for the General Manager to execute the Second Contract Amendment and Contract Change Order #2 to the Agreement for the Construction of a Fiber to the Home System with Atlantic Engineering Group. All Trustees voted aye. Motion carried.

The next agenda item was approval of a revised PSF to replace all the major components of Air Handling Unit #1 (AHU1), including the condensing unit, humidifier, main blower assembly, dampers, and building management system for the A/O Office building. This project was originally approved with the 2019 Operating Budget at a total cost of \$187,000. The project is being revised due to additional components of the A/O Center's building infrastructure needing to be replaced. Mr. Huston continued that the building management system was planned to be replaced in the 2020 budget, so those costs will now be removed from the 2020 budget. The revised project cost is \$350,000, representing an increase of \$163,000 from the previously approved amount, and includes all additional labor, engineering, and equipment needed for the project. He stated that Management recommends Board approval of the revised PSF for the AHU1 Replacement Project. Trustee Fields moved, seconded by Trustee Porter, to approve the revised PSF for the AHU1 Replacement Project. All Trustees voted aye. Motion carried.

Mr. Huston stated that the next item on the agenda was a recommendation to approve water service outside the city limits for a house under construction at 1827 Highway 38, Muscatine. The homeowner plans to connect to the existing 8" MP&W water main running along Highway 38 adjacent to their property. The service connection will be at no cost to the Utility and will have no impact on the Utility's water system. After additional discussion,

Trustee Bradford moved, seconded by Trustee Eversmeyer, to approve the request for water service outside the City limits for 1827 Highway 38, Muscatine. All Trustees voted aye. Motion carried.

Mr. Huston stated that at the July Board of Trustees meeting, the revised Board Policy Manual was presented in draft form for the Trustees' input and comments. The manual has been finalized with no additional revisions. It was recommended that the Trustees approve the 2019 Board Policy Manual. Trustee Eversmeyer moved, seconded by Trustee Porter, that the 2019 Board Policy Manual be approved. All Trustees voted aye. Motion carried.

Mr. Huston reviewed the previously submitted memorandum to all Board members regarding designating the week of October 6-12, 2019, as Public Power Week. In order to support and increase awareness of the public to the benefits of public power, MP&W would like to have the City designate this week to celebrate public power and recognize the important contributions that MP&W provides to the community. The following resolution was submitted:

**RESOLUTION 19-22
PUBLIC POWER WEEK 2019**

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa wishes to recognize its customers and employees during Public Power Week; and,

WHEREAS, the citizens of Muscatine are both owners and consumers of their not-for-profit public power system and exercise local control over utility operations and policies through their Board of Trustees; and,

WHEREAS, the MP&W electric system is a community asset that contributes to the well-being of the citizens and our employees are neighbors serving neighbors, providing homes, businesses, farms, and local government agencies with not-for-profit electric services that are safe, reliable, and cost-effective; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees request that the Mayor and City Council designate the week of October 6-12, 2019, as Public Power Week in Muscatine, in order to honor Muscatine Power and Water, its consumer-owners, and its employees, who work together to provide the best possible services; and,

BE IT FURTHER RESOLVED, that Muscatine has joined hands with other public power communities across the nation to celebrate the benefits of consumer-owned utilities for our local and national progress.

Trustee Eversmeyer moved, seconded by Trustee Bradford, that said resolution be passed, approved, and adopted this 27th day of August 2019. On roll call, Trustees Eversmeyer, Bradford, Porter, Fields and McGinnis voted aye. Voting nay, none. Resolution carried.

In the General Manager's Report, Mr. Huston updated the Board that MP&W had earned a Smart Energy Provider (SEP) designation from the American Public Power Association (APPA)

for demonstrating commitment to and proficiency in energy efficiency, distributed generation, and environmental initiatives that support a goal of providing low-cost, quality, safe, and reliable electric service. The SEP designation, which lasts for two years (December 1st, 2019, to November 30th, 2021) recognizes public power utilities for demonstrating leading practices in four key disciplines: smart energy program structure; energy efficiency and distributed energy programs; environmental and sustainability initiatives; and the customer experience. He continued that this is the first year the Association has offered the SEP designation and MP&W joins more than 60 public power utilities nationwide that received the inaugural SEP designation. Mr. Huston told the Board that Unit 7 is scheduled for an October 2019 outage to perform routine plant maintenance and a major overhaul of the turbine and generator. After review by Generation Staff, and input from GE and FM Global, Staff is recommending postponing the Unit 7 Turbine Overhaul Project pending the results of the 2019 Power Supply Study. He continued that Staff also believes the additional automatic vibration trips recommended by GE and FM Global along with continued monitoring could extend this outage as far as 2023.

The July 2019 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members. After review and discussion, Trustee Porter moved, seconded by Trustee Bradford, to receive and place on file the July 2019 Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. All Trustees voted aye. Motion carried.

The July Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members. After review and discussion, Trustee Eversmeyer moved, seconded by Trustee Porter, to receive and place on file the July Competitive Quotes for Public Improvements Report.

The July 2019 Departmental Reports were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Fields to receive and place on file the July 2019 Departmental Reports. All Trustees voted aye. Motion carried.

At 6:20 p.m. Chairperson McGinnis stated that the Board would be going into Closed Session for the purpose of discussing collective bargaining negotiation strategy in accordance with Iowa Code Section 20.17(3). Trustee Eversmeyer moved, seconded by Trustee Bradford, that the meeting be closed to the public in accordance with Iowa Code Chapter 20.17(3).

The meeting reconvened to open session.

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

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



Brenda Christensen
Board Secretary