

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
NOVEMBER 26, 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, November 26, 2019, at 5:30 p.m.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Keith Porter, Steven Bradford, Kevin Fields, 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, Ryan Streck, Doug White and Brad Spratt of Muscatine Power and Water.

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

The minutes of the October 29, 2019 regular meeting were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Bradford, that the October 29, 2019 meeting minutes be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for October 2019 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Bradford moved, seconded by Trustee Porter, to ratify payment of \$10,822,463.59 for the Electric Utility, \$533,653.78 for the Water Utility, and \$1,697,888.86 for the Communications Utility, for a cumulative total of \$13,054,006.23. All Trustees voted aye. Motion carried.

Mr. Huston introduced the first agenda item to the Board as a recommendation to ratify Contract Change Order (CCO) 1 and accept as complete the contract for the A/O Center Main Lobby Remodel Construction Project. Mr. Huston told the Board that this project was approved with the 2019 Operating Budget for a total expenditure of \$624,800. The scope of work estimate was \$435,925 to furnish all labor, materials, tools, equipment, and supervision necessary for the remodel of the customer lobby. At the March 2018 Board Meeting, a contract was awarded to Woodruff Construction, LLC with a contract price of \$518,000 for the A/O Center Main Lobby Remodel Construction Project. CCO 1 adjusted prices, both increases and decreases for a total of \$18,503.53, to address changes in the design and make additional improvements to the associated facilities. Management recommended that the Board ratify CCO 1 and accept as complete the contract with Woodruff Construction, LLC for the Construction of A/O Center Main Lobby Remodel Construction Project. After discussion and review, the following resolutions were submitted:

RESOLUTION 19-26

WHEREAS, Contract Change Order No. 1 has been prepared to the contract with Woodruff Construction, LLC. for the A/O Center Main Lobby Remodel Construction Project in the increased total net amount of \$18,503.53 and the Contract Change Order has been reviewed by the Board, and Muscatine Power and Water Management has recommended approval of the Contract Change Order; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that Contract Change Order No. 1, in the increased total net amount of \$18,503.53, be approved for an amended contract price of \$536,503.53 for the A/O Center Main Lobby Remodel Construction Project.

Trustee Eversmeyer moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 26th day of November 2019. On roll call, Trustees Eversmeyer, Bradford, Porter, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 19-27

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with Woodruff Construction, LLC. for the A/O Center Main Lobby Remodel Construction Project in the final amount of \$536,503.53 has been substantially completed in accordance with the project specifications and the recommendation has been made that the contract be accepted by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the A/O Center Main Lobby Remodel Construction Project, furnished under the above-named contract be accepted and approved by the Board; and,

BE IT FURTHER RESOLVED, that five percent (5%) of the contract price be retained for a period of thirty-one (31) days from and after the date of resolution, all in accordance with the provisions of the Code of Iowa.

Trustee Porter moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 26th day of November 2019. On roll call, Trustees Eversmeyer, Bradford, Porter, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

The next agenda item, which was a resolution required by the three local banks MP&W does business with, recommended that Brad Spratt be named as an additional authorizing officer. This will allow Mr. Spratt, in his interim position as Director of Finance and Administrative Services, to execute documents and agreements that may be necessary to transact business with the three banks until the position of Director, Finance and Administrative Services is filled permanently.

RESOLUTION 19-28

BE IT RESOLVED, that the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, utilize the services of First National Bank of Muscatine, CBI Bank and Trust, Muscatine, and Community Bank and Trust, Muscatine ("Depositories") for the deposit of public funds belonging to the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, or coming into its possession, pursuant to a duly executed Agreement to Receive and Repay Deposits of Public Funds. The maximum amount which may be thus deposited in any of the above listed Depositories without further approval of this Board is Twenty Million Dollars (\$20,000,000).

BE IT RESOLVED, that as of November 13, 2019, the following officers are hereby authorized and directed to execute said Agreement, to execute and deliver signature authorization cards to Depositories concurrently therewith, and to execute all drafts, checks and other documents and correspondence regarding any accounts of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, at Depositories:

<u>NAME</u>	<u>OFFICE</u>
Gage Huston	General Manager
Brad Spratt	Interim Director, Finance & Administrative Services

BE IT RESOLVED, that the officers described above are hereby authorized and directed to take action and execute documents and agreements as may be necessary to secure the repayment of the deposits of public funds authorized hereunder, including, but not limited to: Security Agreements, Notices, and any documents or instruments supplemental or incidental thereto.

BE IT RESOLVED, that the Secretary forward a certified copy of this Resolution to Depositories, and any other parties which may request it for purposes of effectuating the deposit of public funds authorized hereunder or any security therefore, together with a certificate attesting to the names and signatures of the present holders of the offices described above; and the Secretary further certify to Depositories or other parties from time-to-time the signatures of any successors in office of any of the present office holders.

Trustee Eversmeyer moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 26th day of November 2019. On roll call, Trustees Eversmeyer, Bradford, Porter, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

Mr. Huston next asked the Board for approval of the 2020 Critical Issues. He stated that he and Staff had reviewed the 2019 Critical Issues and it was decided that some Critical Issues would remain the same or be updated and some new Critical Issues would be added for 2020. Mr. Huston continued that a more in-depth strategic planning session for 2020 would be scheduled with the Board and more review of Utility Critical Issues would be done then, but to stay in line

with dates for goal setting of all employees, updated 2020 Critical Issues were needed. Trustee Eversmeyer moved, seconded by Trustee Porter to approve the 2020 Critical Issues. All Trustees voted aye. Motion carried.

The next agenda item was approval of the revised 2020 Operating Budgets. Mr. Huston reviewed the changes from what had been presented for comments at the October Board of Trustees meeting. As discussed at the October meeting, the new Steam Sales Agreement with GPC was executed after the October Board packet was completed and it was agreed that the budget would be modified to include this change. The addition of steam sales to the 2020 Operating Budget results in increased revenue and associated O&M costs for the Electric Utility, with a net positive impact on Net Income of \$2,301,226. The steam sales contract also impacted the Water Utility's Operating Budget due to the fact that the Power Plant will purchase more water to operate the plant to accommodate steam sales, driving an increase in revenue and associated O&M expenses, with a net positive impact on Net Income of \$25,773 for the Water Utility. Trustee Bradford moved, seconded by Trustee Eversmeyer, to approve the 2020 Operating Budgets for the Electric, Water, and Communications Utilities. All Trustees voted aye. Motion carried.

Mr. Huston stated that the next agenda item also pertained to the 2020 Operating Budgets; Muscatine Power and Water is required by the Iowa Code to submit a summary of the Operating Budgets to the City Clerk, who then forwards the budget summary to Muscatine County for submittal to the State of Iowa Auditor. The budget certificate summary was presented as to all Board members and copies of the budget summary were also available for review by the citizens at Muscatine City Hall, Musser Public Library, and at MP&W's Administrative/Operations Office before the November Board meeting. The budget public hearing was conducted earlier in the evening. The following resolution was submitted:

RESOLUTION 19-29

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the annual Budget for the calendar year 2020, as set forth in the utility's Budget Estimate Summary and in the detailed budget in support thereof showing the estimated revenue and expenditure for said budget year is adopted, and the Secretary is directed to file the same with the Clerk of the City of Muscatine, Iowa.

Trustee Fields moved, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted this 26th day of November 2019. On roll call, Trustees Eversmeyer, Bradford, Porter, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

The next agenda item was a recommendation to approve revised Ten-Year Financial Projections for 2020 through 2029. Projections were adjusted for the new Steam Sales Agreement with GPC, which was executed after the October Board packet was completed. Mr. Huston explained that the revised projections include the adjustments made to the 2020 budget, which increased net income for the Electric Utility by \$2,301,226 and the Water Utility by \$25,773. He walked through tables provided showing the impact on Net Income from 2020-2022 for the Electric and Water Utilities, and the impact on ending cash balances. Trustee Porter moved, seconded by Trustee Fields, to receive and place on file the revised Ten-Year Financial Projections for the

Electric, Water and Communications Utilities for 2020 through 2029. All Trustees voted aye. Motion carried.

Mr. Huston stated that the negotiations with the International Brotherhood of Electrical Workers, Local 55.10, were held in early November and a tentative agreement was reached after two days of negotiations. The Union approved the agreement with the understanding that the Board of Trustees must also vote to accept/ratify the agreement. He reviewed the high-level terms of the agreement including what was left in the contract and what was removed due to changes from Chapter 20 legislation. Questions and discussion were conducted on the agreement. Both Mr. Huston and the Board congratulated the negotiating team for achieving a voluntary, multi-year agreement. Trustee Bradford moved, seconded by Trustee Eversmeyer, to approve the five-year agreement with the International Brotherhood of Electrical Workers, Local 55.10, as previously outlined and discussed. Motion carried. All Trustees voted aye.

In the General Manager's Report, Mr. Huston reviewed the recent main breaks and stated that the water department is investigating potential causes of the increased main breaks. He continued that the Water Utility wants to ensure that everything is being done to increase reliability of the water system and reduce costs of maintenance and repairs.

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

Mr. Huston reviewed the Competitive Quotes for Public Improvements Report. Trustee Eversmeyer moved, seconded by Trustee Bradford, to receive and place on file the October Competitive Quotes for Public Improvements Report. All Trustees voted aye. Motion carried.

The October departmental reports were presented. After discussion and questions, Trustee Eversmeyer moved, seconded by Trustee Fields to receive and place on file the October Departmental Reports. All Trustees voted aye. Motion carried.

Chairperson McGinnis asked if there were any other items of business. With no other items of business, the meeting was adjourned at 6:25 p.m.

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



Brenda Christensen
Board Secretary