

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
OCTOBER 29, 2013 – 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 29, 2013, at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Duane J. Goedken, Board Attorney; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen of Muscatine Power and Water.

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 September 24, 2013, regular meeting and October 10, 2013, Audit/Finance Committee meeting were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Axel, that the September 24, 2013, regular meeting minutes be approved as submitted and that the meeting minutes of the October 10, 2013, Audit/Finance Committee Meetings be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for September 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 Axel, to ratify payment of \$4,647,552.04 for the Electric Utility, \$457,467.21 for the Water Utility, and \$719,198.57 for the Communications Utility for a cumulative total of \$5,824,217.82. All Trustees present voted aye. Motion carried.

The next item on the agenda was a Recommendation for Final Acceptance for the Progress Park Treatment 24" Bypass Construction – 2013 Project. Mr. LoBianco told the Board that this project was approved at the April 30, 2013, Board meeting with a published estimated expenditure of \$397,980 and awarded to Sulzberger Excavating, Inc. for a contract price of \$412,162.23. Work covered by this contract is complete and has been reviewed by MP&W Management and found to be in accordance with the specifications. Two Contract Change Orders were submitted and MP&W Management recommends approval by the Board of Trustees for a total net increase in the amount of \$16,116.40, for a new final contract price of \$428,278.63. MP&W Management recommends proceeding with final acceptance and release of retainage.

After discussion and review, the following resolutions were submitted:

RESOLUTION 13-22

WHEREAS, Contract Change Orders No. 1 and No. 2 have been prepared for the Progress Park Treatment 24" Bypass Construction – 2013 Project in the increased amount of \$16,116.40 and said Contract Change Orders were reviewed by the Board, and Muscatine Power and Water Management has recommended approval of said Contract Change Orders; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Orders in the increased amount of \$16,116.40 be approved for an amended contract price of \$428,278.63 for the Progress Park Treatment 24" Bypass Construction – 2013 Project.

Trustee Bradford moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted this 29th day of October 2013. On roll call, Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none. Resolution carried.

RESOLUTION 13-23

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with Sulzberger Excavating, Inc. for Progress Park Treatment 24" Bypass Construction – 2013 Project in the final amount of \$428,278.63 has been substantially completed in accordance with the project specifications and the recommendation has been made that said 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 Progress Park Treatment 24" Bypass Construction – 2013 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 Bradford moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted this 29th day of October 2013. On roll call, Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none. Resolution carried.

The preliminary 2014 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 presented for information and comments, approval of the Budgets will be requested at the November meeting. He continued that the assumptions driving the Budgets were similar to those used in the Ten-Year Financial Projections that were reviewed at the July Board meeting. He continued that the Budget assumptions 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. The Budgets reflect ongoing efforts to keep expenses and capital expenditures at conservative levels in response to the ongoing economic conditions; however, capital expenditures in all three utilities are at levels needed to address infrastructure projects in support of the core values of safety, customer service, and reliability.

Mr. Gowey then reviewed the primary drivers for each Utility that were previously submitted to all Board members, along with financial comparisons of the Operating Budget and the 10-Year Financial Projections. He stated that the drivers were laid out to look at the cash inflows and outflows for each of the Utilities and the primary difference between these schedules and the Income Statements is that the schedules show borrowings, debt principal repayment, capital expenditures and excludes depreciation/amortization.

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 on the published Budget Summary. Prior to the November Board of Trustees meeting, the Budget Summary and Public Hearing Notice will be published in the

Muscatine Journal. The Budget Summary will also be posted at City Hall and at Musser Public Library, along with the MP&W offices for information and review by citizens. After approval of the Budget Summary by the Board of Trustees, the Budget Summary will be provided to the City of Muscatine for submittal to the State of Iowa as an attachment to the City of Muscatine's Budget. It was management's recommendation that the public hearing be set for November 26, 2013, at 5:28 p.m. The following resolution was submitted:

RESOLUTION 13-24

WHEREAS, the Budget Summary of the combined Electric, Water, and Communications Utilities was being prepared for the 2014 calendar year, and it was 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 26th day of November 2013 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 Axel, that said resolution be passed, approved, and adopted this 29th day of October 2013. On roll call, Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none. Resolution carried.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum to the Board. The memo included an update on the Midwest Reliability Organization (MRO) audit that was done in May of 2013; the audit resulted in three potential violations that were recently dismissed by the MRO Risk Assessment & Mitigation department after additional detailed follow up information and relevant evidence was submitted. The memo also include an update on the IAMU Energy Conference that was held in Des Moines on October 2-3, 2013 and the Utility's recent participation in the United Way Day of Caring. He also invited the Board to attend the IAMU Regional Meeting being held at the MP&W Administrative Office on December 10, 2013.

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. Chairperson Tubandt stated that the September financial Operating Statements for the Electric, Water, and Communications Utilities would be reviewed in detail during the Third Quarter Critical Issue and Key Performance Indicator presentation. Trustee Bradford moved, seconded by Trustee McGinnis, that the YTD and September Financial Operating Statements and Balance Sheets for the Water, Electric, 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 Axel moved, seconded by Trustee Heidbreder, 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. Trustee Axel moved, seconded by Trustee McGinnis, to receive and place on file the Competitive Quotes for Public Improvements Report. All Trustees present voted aye. Motion carried.

The Critical Issues and Key Performance Indicators Presentation for the Water, Electric, and Communications Utilities was the next agenda item. Mr. LoBianco asked each critical issue leader to review the status of their critical issue and Mr. Gowey to review the key performance indicators. After review and discussion, Trustee Axel moved, seconded by Trustee McGinnis, to receive and place on file the 2013 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 Heidbreder moved, seconded by Trustee Bradford, to receive and place on file the September Departmental Reports. All Trustees present voted aye. Motion carried.

Next, Mr. LoBianco reviewed the recommendation for the Board to enter into Closed Session for the purpose of discussing the status of negotiations regarding a Wind Power Purchase Agreement. The specifics of the documents pertain to competitive and confidential information protected under Iowa Code 21.5 (closed meetings) and 388.9 (protecting competitive information).

Chairperson Tubandt recommended that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5 (closed meetings) and 388.9 (protecting competitive information). Trustee McGinnis moved, seconded by Trustee Bradford, that the meeting be closed to the public for the purpose of discussing the status of negotiations regarding a Wind Power Purchase Agreement. On roll call, Trustees McGinnis, Heidbreder, Bradford, Axel, and Tubandt voted aye. Voting nay, none.

The meeting was closed to the public at 7:45 p.m.

Trustee McGinnis moved, seconded by Trustee Axel, to reconvene the meeting to open session. All Trustees present voted aye. Motion carried. At 8:15 p.m. the meeting was reconvened to open session.

Chairperson Tubandt asked if there were any other items of business. With no other items of business, the meeting was adjourned at 8:15 p.m.

BOARD OF WATER, ELECTRIC, AND
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Jerry Gowey
Board Secretary