

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 31, 2018 – 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, July 31, 2018, at 5:30 p.m.

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

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

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

The June 26, 2018, regular meeting minutes and the June 26, 2018, Audit/Finance Committee Meeting minutes were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Eversmeyer, that the minutes from the June 26, 2018, regular meeting be approved as submitted and that the meeting minutes of the June 26, 2018, Audit/Finance Committee Meeting be received and placed on file. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for June 2018 was presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee McGinnis, to ratify payment of \$8,862,836.82 for the Electric Utility, \$696,818.47 for the Water Utility, and \$1,929,122.29 for the Communications Utility, for a cumulative total of \$11,488,777.58. All Trustees present voted aye. Motion carried.

The next item on the agenda was a Recommendation to Accept Contract Change Order No. 1 for the Round Reservoir Rehabilitation Project. Mr. LoBianco reminded the Board that there had been a previous discussion at the June Board meeting regarding this change order. He continued that this project was awarded to TMI Coatings, Inc. at the April 2018 Board Meeting. CCO No. 1 covers Work Change Directives 1 – 2 for test adhesion and labor/installation to add a primer coat to the exterior and interior of both tanks causing an increase to the contract of \$59,200. He continued that the total project expense remains under budget; however, the new total exceeds the original contract award by more than 10% and requires further Board approval. Management recommends that the Board ratify the Contract Change Order No. 1 in the increased amount of \$59,200 for the Round Reservoir Rehabilitation Project. After discussion and review, the following resolution was submitted:

RESOLUTION 18-20

WHEREAS, Contract Change Order No. 1 has been prepared to said contract with TMI Coatings, Inc. for the Round Reservoir Rehabilitation Project. CCO No. 1 in the increased total amount of \$59,200 and said Contract Change Order was reviewed by the Board, and Muscatine Power and Water Management has recommended ratification of said Contract Change Order; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order No. 1 in the increased total net amount of \$59,200 be ratified for an amended contract price of \$466,700 for Round Reservoir Rehabilitation Project.

Trustee McGinnis moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 31st day of July 2018. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Porter voted aye. Voting nay, none. Trustee Tubandt was absent. Resolution carried.

Mr. LoBianco stated that the next agenda item was a recommendation to ratify the Offer to Buy Real Estate and Acceptance between the Board of Water, Electric and Communication Trustees of the City of Muscatine and Greater Muscatine Chamber of Commerce and Industry (GMCCI) dated June 13, 2018, for the purchase of Lots 24 and 26 of Muscatine Industrial Sites No. 1. This purchase encompasses approximately 7.97 acres and the purchase price is \$19,925 (\$2,500 per acre) with an anticipated closing date by August 31, 2018. He continued that MP&W owns the triangular parcel of land south and adjacent to these parcels and this property will help provide a zone of control around Wells 24, 27 & 40 that Iowa DNR requires around new wells, and although these wells are exempt from this requirement, as it was not in affect at the time they were constructed, it is a best practice to control the activities located in an Industrial Park close enough to affect the groundwater. This purchase also provides MP&W enough flexibility to drill another well and re-drill an existing well if needed, along with preserving the geographic diversity of having a second wellfield supply (Progress Park) and ensures property would not be purchased by another entity that might want to use this area for an incompatible use, such as chemical warehousing. After discussion and review, the following resolution was submitted:

RESOLUTION 18-21

Whereas, Sal LoBianco, General Manager, entered into a Real Estate Purchase Agreement on June 13, 2018, on behalf of Muscatine Power and Water between the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa and the Greater Muscatine Chamber of Commerce and Industry for the purchase of Lots 24 and 26 of Muscatine Industrial Sites No. 1, encompassing approximately 7.97 acres. The

purchase price is \$19,925 (\$2,500 per acre) with an anticipated closing date by August 31, 2018.

Whereas, Muscatine Power and Water Management has recommended approval of said Offer to Purchase; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, ratify and approve the Real Estate Offer to Purchase Agreement dated June 13, 2018, and authorize Staff to complete all tasks to complete the purchase.

Trustee Eversmeyer moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 31st day of July 2018. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Porter voted aye. Voting nay, none. Trustee Tubandt was absent. Resolution carried.

Mr. LoBianco stated that as a Transmission Owner (TO) in Mid-Continent Independent System Operator (MISO), MP&W must establish tariff rates for use of its transmission system by other market participants. The process for establishing these rates is through the use of MISO's formula rate protocols. The key component in establishing the formula rates is through the use of MISO's Attachment O template. The Attachment O utilizes financial information from MP&W's audited financial statements to calculate the appropriate formula rates. MP&W must update the Attachment O each year, utilizing the most recent financial data, and submit to MISO by the first of June. A step required by the Federal Energy Regulatory Commission (FERC) in this process is that each TO must hold an annual public meeting regarding its transmission rate updates and submit an informational filing with FERC regarding its updated transmission rates. Management recommends that the Board set a public hearing prior to its next regular Board Meeting on August 28, 2018, to receive any public comments regarding its annual transmission rate update (Attachment O). This public hearing will meet the requirement in MISO's revised formula rate protocols related to holding an annual public meeting. After additional discussion, the following resolution was submitted:

RESOLUTION 18-22

WHEREAS, it is recommended that a public hearing be established for the review of MP&W's annual Transmission Rate Update (Attachment O) to receive any public comments before submittal of this form to FERC; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that a public hearing be held on the 28th day of August 2018 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 four (4) nor more than twenty (20) days prior to said hearing, all as required by the Code of Iowa.

Trustee McGinnis moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 31st day of July 2018. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Porter voted aye. Voting nay, none. Trustee Tubandt was absent. Resolution carried.

Mr. LoBianco summarized the following appointments that are recommended for the 2018/2019 Board Committees:

Audit and Finance – Steven Bradford and Susan Eversmeyer (Committee Chair)

Planning and Operations – Doyle Tubandt and Tracy McGinnis (Committee Chair)

Personnel & Public Relations - Susan Eversmeyer and Doyle Tubandt (Committee Chair)

After discussion Trustee Bradford moved, seconded by Trustee McGinnis, to receive and place on file the 2018/2019 Board Committee appointments. All Trustees present voted aye. Motion carried.

Mr. LoBianco advised that the next meeting agenda item pertained to the Board Policy Manual and that the manual had been provided to the Board. He stated that the manual had been reviewed and updated by staff and submitted in a “redline/track change mode” for the Board’s review and comment. Mr. LoBianco reviewed the changes to the document; no action was being requested at this time regarding the Board Policy Manual. Approval will be requested at the August 28, 2018, Board meeting.

In the General Manager’s Report, Mr. LoBianco updated the Board on the succession planning process for the General Manager replacement. He also stated that a closed session would be held later in the meeting to discuss next steps regarding the Fiber to the Home (FTTH) Project and the lagging project schedule due to inadequate staffing levels by AEG.

The YTD and June Financial Statements Financial Summary, Operating Statements and Balance Sheets were presented as previously submitted to all Board members along with the Quarterly Investment Report. Mr. LoBianco stated that Financials would be covered in the Key Performance Indicators presentation. Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the YTD and June 2018 Financial Statements for the Water, Electric, and Communications Utilities and the Quarterly Investment Report. 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 Bradford moved, seconded by Trustee Eversmeyer, to approve the Competitive Quotes for Public Improvements Report. 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. After discussion, Trustee McGinnis moved, seconded by Trustee Eversmeyer, to approve the Quarterly Project Status Report and Variance Analysis. All Trustees present voted aye. Motion carried.

The Critical Issues and Key Performance Indicators presentation for the Electric, Water, and Communications Utilities was the next agenda item. After presentation and a brief discussion in response to questions, Trustee Bradford moved, seconded by Trustee McGinnis, to receive and place on file the 2018 Second Quarter Critical Issues and Key Performance Indicators for the Electric, Water, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2018 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the June 2018 Departmental Reports. All Trustees present voted aye. Motion carried.

Chairperson Porter stated that the Board would be going into Closed Session for the purpose of discussing potential litigation regarding the Fiber to the Home Project in accordance Iowa Code Sections 21.5(b). Trustee Eversmeyer moved, seconded by Trustee McGinnis, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(b).

The meeting reconvened to open session.

The meeting of the Board of Trustees was adjourned at 7:00 p.m.

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

Jerry Gowey
Board Secretary