

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
MARCH 27, 2014 – 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 Thursday March 27, 2014, at 5:30 p.m.

Chairperson Doyle Tubandt called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Warren Heidbreder, Steven Bradford, Joan Axel, and Doyle Tubandt.

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). Jamin Friedl of Baker Tilly Virchow Krause, LLP was also present.

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 February 25, 2014, regular meeting were presented as previously submitted to all Board members in written form. After discussion, Trustee Bradford, moved, seconded by Trustee McGinnis, that the minutes be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for February 2014 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 \$7,659,984.74 for the Electric Utility, \$344,487.48 for the Water Utility, and \$1,065,260.71 for the Communications Utility for a cumulative total of \$9,069,732.93. All Trustees voted aye. Motion carried.

The next item on the agenda was a recommendation to receive and place on file the 2013 Audit for the Electric, Water, and Communications Utilities. Mr. Gowey introduced Jamin Friedl of Baker Tilly Virchow Krause LLP (BT) to review the recently completed independent audit for MP&W covering the calendar year 2013. Mr. Friedl directed the Committee to the previously submitted material regarding Muscatine Power and Water's 2013 Audit. This material included a PowerPoint presentation prepared by the auditors that covered the audit overview and auditor's communication with those charged with governance. A copy of the Management Representation Letter to the Auditors was also included in the packet. He told the Board that the Board's Audit/Finance Committee, which includes Trustees Heidbreder and Bradford, had met with the General Manager, the Director of Finance and Administrative Services and himself on Monday, March 24, 2014, to discuss the audit in detail. He continued that the audit was performed in accordance with all Generally Accepted Auditing Standards and that Staff had provided full transparency and opened all records. He stated that the

MP&W Audit went well; that no adjusting entries were required of the Utility financial statements, and that MP&W was in compliance with all Iowa State auditing standards with no exceptions noted. The MP&W financial statements received an Unqualified Opinion. After review of the Audit Presentation, Trustee Bradford moved, seconded by Trustee Heidbreder, to receive and place on file the 2013 Audit of the Electric, Water, and Communications Utilities. All Trustees voted aye. Motion carried. Mr. LoBianco thanked the Accounting Staff and Management for all their work during the audit process.

Jamin Friedl left the meeting at 5:40 p.m.

Mr. LoBianco next advised the Board that they had been provided with updated/revised Service Rules for the Electric, Water, and Communications Utilities. He told the Board that minor updates were highlighted and that no action was being requested at this meeting, but approval will be requested at the April Board meeting.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum concerning the NCTC and Viacom negotiations regarding increased programming costs and the possibility of the Viacom stations going dark for a period while negotiations are finalized. He also played the commercial that MP&W is running to help communicate the issue to customers.

The February Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Gowey introduced a new one-page, high level overview that will be added to financial section of the Board packet and reviewed the February financials for each Utility. Trustee Axel moved, seconded by Trustee McGinnis, to receive and place on file the February Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. All Trustees voted aye. Motion carried.

The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members in written format. There were no items for approval. The report was received and placed on file.

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

The meeting was adjourned at 6:05 p.m.

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Jerry Gowey
Board Secretary