

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 29, 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 Tuesday, July 29, 2014, at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Brenda Christensen, Acting Board Secretary; Charles Potter, Muscatine Journal; Brandy Olson, Gage Huston, and Daphney Daniel of Muscatine Power and Water (MP&W).

Chairperson McGinnis recommended in the absence of Board Secretary Jerry Gowey, Brenda Christensen be appointed Acting Board Secretary for the July Board of Trustees meeting. Trustee Heidbreder moved, seconded by Trustee Eversmeyer, to appoint Ms. Christensen as Acting Board Secretary for the July 29, 2014, Board of Trustees meeting. All Trustees present voted aye. Motion carried.

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 June 24, 2014, public hearing and regular meeting and the June 23, 2014, Audit/Finance Committee meeting were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Eversmeyer, that the June 24, 2014, public hearing and regular meeting minutes be approved as submitted and that the meeting minutes of the June 23, 2014 Audit/Finance Committee Meetings be received and placed on file as amended. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for June 2014 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Heidbreder moved, seconded by Trustee Eversmeyer to ratify payment of \$10,202,062.18 for the Electric Utility, \$589,257.39 for the Water Utility, and \$739,055.20 for the Communications Utility, for a cumulative total of \$11,530,374.77. All Trustees present voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as approval for the SCADA Monarch2014 Hardware/Software Upgrade Project with an estimated expenditure of \$364,000. He explained that the current version of the SCADA software is outdated and in need of an upgrade. The projected completion timeline for this project is the second quarter of 2015; the project was originally set to be included in the 2015 Operating Budget, however, when Staff began seeking budgetary quotes for the upgrade, the vendor stated that they

would need to have an order placed in the third quarter of this year to begin preliminary work on the integration activities to meet the desired completion timeline for the project. Management recommends Board approval of the project so that the vendor can be issued a purchase order in August and begin working towards the desired completion date. After review and discussion, Trustee Bradford moved, seconded by Trustee Heidbreder, to approve the SCADA Monarch2014 Hardware/Software Upgrade Project. All Trustees present voted aye. Motion carried.

The next item on the agenda was a recommendation to approve a revised project summary form for the Unit 8 Restud and Refractory Cyclones Project. This refractory and the corresponding studs get eroded during boiler operation and it is considered normal, routine maintenance to repair/replace the studs and refractory on a regular basis. This project was submitted and approved with the 2014 Operating Budget at a total cost of \$400,000. The revised project cost estimate is \$560,000, which represents a \$160,000 increase. The cost estimate used for the original project budget was based on similar work completed in 2010 and when the current quotes were received for the work, prices came back significantly higher than what was budgeted. Management recommends approval of this revised project expenditure amount so that the contract for the repair work can be awarded and scheduled for the October 2014 outage. After review and discussion, Trustee Heidbreder moved, seconded by Trustee Bradford, to approve the revised Unit 8 Restud and Refractory Cyclones Project. All Trustees present voted aye. Motion 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 MISO's formula rate protocols using MISO's Attachment O template. MP&W must update its Attachment O each year, utilizing the Utility's most recent financial data, and submit this information to MISO by the first of June. A newly required FERC step in this process is that each TO must hold an annual meeting regarding its transmission rate updates before submitting the 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 26, 2014 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 meeting. After additional discussion, the following resolution was submitted:

RESOLUTION 14-17

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 26th day of August 2014 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 Bradford moved, seconded by Trustee Heidbreder, that said resolution be passed, approved, and adopted this 29th day of July 2014. On roll call, Trustees Bradford, Heidbreder, Eversmeyer, and McGinnis voted aye. Voting nay, none. Trustee Tubandt was absent. Resolution carried.

Chairperson McGinnis summarized the following appointments that are recommended for the 2014/2015 Board Committees:

Audit/Finance – Warren Heidbreder and Steven Bradford (Committee Chair)

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

Personnel/Public Relations – Susan Eversmeyer and Warren Heidbreder (Committee Chair)

After discussion Trustee Heidbreder moved, seconded by Trustee Eversmeyer, to receive and place on file the 2014/2015 Board Committee appointments. All Trustees present voted aye. Motion carried.

Chairperson McGinnis advised that the next meeting agenda item pertained to the Board Policy Manual and that the manual had been provided under separate cover to the Board. Mr. LoBianco stated that the manual had been reviewed and updated by staff, and submitted in a “redline/track change mode” for their review and comment. Trustee Bradford questioned whether the Utility had a crisis plan in case of emergency; Mr. LoBianco explained that the Utility did have a plan that was in the middle of being updated to include use of the incident command protocols. Mr. LoBianco stated that he would provide the Board copies of this document. No action was being requested this evening regarding the policy manual. Approval will be requested at the August Board meeting.

In the General Manager's report, Mr. LoBianco introduced his previously submitted memorandum that reviewed the Communications Utility Price Adjustment. He reminded the Board that at the April 2014 Board meeting a price decrease for the CATV Select Tier was approved by the Board. The 2014 Operating Budget included a rate increase effective September 1, 2014 for Communications Utility services; this rate increase recommendation for a September 1 effective date is acted on at the Board's July meeting to provide time for the regulatory required public notice. At this time, Staff is recommending delaying any price adjustments until after the National Cable Television Cooperative's (NCTC) negotiations with several major content providers and the Utility's negotiations with local broadcast network are completed. These negotiations are expected to conclude over the next several months; upon completion of these contract negotiations, a financial analysis will be performed based on new programming costs and any pricing adjustment recommendations will be made at that time.

The next item on the agenda was to receive and place on file the YTD and June Financial Operating Statements and Balance Sheets for each Utility and the Quarterly Investment Report. After review and discussion, Trustee Heidbreder moved, seconded by Trustee

Bradford, to receive and place on file the YTD and June 2014 Financial Operating Statements and Balance Sheets and the Quarterly Investment Report for the Water, Electric, and Communications Utilities. 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. Trustee Bradford moved, seconded by Trustee Heidbreder, to approve 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. There were no items for approval.

The Critical Issues and Key Performance Indicators presentation for the Water, Electric, and Communications Utilities was the next agenda item. After a brief discussion in response to questions, Trustee Heidbreder moved, seconded by Trustee Eversmeyer, to receive and place on file the 2014 Second Quarter Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2014 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 June 2014 Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 6:15 p.m.

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Brenda Christensen
Acting Board Secretary