

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JANUARY 27, 2015 – 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, January 27, 2015, at 5:30 p.m.

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

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

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

The minutes of the December 18, 2014, regular meeting and December 18, 2014, Audit/Finance Committee meeting were presented as previously submitted to all Board members in written form. Trustee Tubandt moved, seconded by Trustee Bradford, that the December 18, 2014, regular meeting minutes be approved as submitted and that the meeting minutes of the December 18, 2014, Audit/Finance Committee Meetings be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for December 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 \$9,770,352.30 for the Electric Utility, \$741,181.42 for the Water Utility, and \$965,263.91 for the Communications Utility for a cumulative total of \$11,476,797.63. All Trustees voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as approval of Reimbursement Resolutions for all three Utilities, as recommended by Bond Counsel on an annual basis. The Ten-Year Electric and Water Financial Projections indicate substantial capital expenditures which may require various borrowings in 2015 and beyond. The recommended resolutions are similar to what the Board has adopted in past years and state that the Board reasonably expects to reimburse itself or pay for capital expenditures from the proceeds of future debt issuance. The Board may then issue tax-exempt debt for capital projects paid within 60 days prior to passage of the Resolution or paid after passage of the Resolution. Reimbursement must be completed within 18 months of (a) the original expenditure; or (b) the date the project is in service, but in no event more than 3 years after the original expenditure is paid. The Reimbursement Resolutions do not obligate the Board to undertake a borrowing or to

include all qualifying capital projects in a given debt issuance, but it does give the Board the ability to include those projects if they otherwise qualify and the economics warrant.

After discussion and review, the following resolutions were submitted.

RESOLUTION 15-01

DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS FOR THE ELECTRIC UTILITY

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Electric Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$21,000,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

- Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.
- Section 4. This declaration shall take effect from and after its adoption.

The undersigned hereby certifies that the foregoing is a full, true, and correct copy of the declaration of the Board of said Issuer duly made at a meeting held on January

27, 2015, and that said declaration has not been amended, modified, or revoked by said Board of Water, Electric, and Communications Trustees.

Trustee Heidbreder moved, seconded by Trustee Tubandt, that the resolution should be passed, approved, and adopted this 27th day of January 2015. On roll call Trustees Heidbreder, Bradford, Eversmeyer, Tubandt and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 15-02

DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS FOR THE WATER UTILITY

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Water Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$11,000,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

- Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.

Section 4. This declaration shall take effect from and after its adoption.

The undersigned hereby certifies that the foregoing is a full, true, and correct copy of the declaration of the Board of said Issuer duly made at a meeting held on January 27, 2015, and that said declaration has not been amended, modified, or revoked by said Board of Water, Electric, and Communications Trustees.

Trustee Tubandt moved, seconded by Trustee Eversmeyer, that the resolution should be passed, approved, and adopted this 27th day of January 2015. On roll call Trustees Heidbreder, Bradford, Eversmeyer, Tubandt and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 15-03

DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS FOR THE COMMUNICATIONS UTILITY

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Communications Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$14,000,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.

Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.

Section 4. This declaration shall take effect from and after its adoption.

The undersigned hereby certifies that the foregoing is a full, true, and correct copy of the declaration of the Board of said Issuer duly made at a meeting held on January 27, 2015, and that said declaration has not been amended, modified, or revoked by said Board of Water, Electric, and Communications Trustees.

Trustee Eversmeyer moved, seconded by Trustee Tubandt, that the resolution should be passed, approved, and adopted this 27th day of January 2015. On roll call Trustees Heidbreder, Bradford, Eversmeyer, Tubandt and McGinnis voted aye. Voting nay, none. Resolution carried.

Mr. LoBianco next asked the Board for approval of the revised 2015 Critical Issues. He reviewed the recommended revisions to the Critical Issues to ensure that they are reflective of current Utility conditions. After discussion, Trustee Heidbreder moved, seconded by Trustee Bradford to approve the 2015 Critical Issues. All Trustees present voted aye. Motion carried.

There were no items to review in the General Managers Report.

The December Financial Operating Statements and Balance Sheets and the Quarterly Investment Report were presented as previously submitted to all Board members in written form. Mr. LoBianco stated that 2014 Year-End Financials would be covered in the Key Performance Indicators presentation. Trustee Bradford moved, seconded by Trustee Tubandt, to receive and place on file the December Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities, along with the Quarterly Investment Report. All Trustees 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.

Mr. LoBianco reviewed the Quarterly Project Status Report and Variance Analysis that was previously submitted to all Board members in written form. Trustee Tubandt moved, seconded by Trustee Eversmeyer, to receive and place on file the Quarterly Project Status Report and Variance Analysis. All Trustees voted aye. Motion carried.

The Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities were previously submitted to all Board members in written form. Mr. LoBianco informed the Board that a condensed version of the presentation would be reviewed at the meeting, but encouraged the Board to ask any question that they had from the full version provided in the Board Packet. He then asked each Critical Issue leader to review the status of their Critical Issue and stated that Mr. Gowey would review the Key Performance Indicators sections. After review and discussion, Trustee Heidbreder moved, seconded by Trustee Bradford, to receive and place on file the 2014 Year End Critical Issues

and Key Performance Indicators for the Water, Electric, and Communications Utilities. Motion carried. All Trustees voted aye.

The December departmental reports were presented as previously submitted to all Board members in written form. After discussion, Trustee Tubandt moved, seconded by Trustee Bradford, to receive and place on file the December departmental reports. All Trustees voted aye. Motion carried.

The meeting was adjourned at 6:40 p.m.

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

A handwritten signature in black ink that reads "Jerry Govey". The signature is written in a cursive, flowing style.

Jerry Govey
Board Secretary