

**PUBLIC HEARING OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
JUNE 30, 2015 – 5:28 P.M.**

The Board of Trustees conducted a public hearing in Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, June 30, 2015, at 5:28 p.m.

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

The purpose of the public hearing was to receive any citizens' comments regarding the Unit 8 and Unit 9 ACI (Activated Carbon Injection) Installation Projects.

Mr. Gowey, Board Secretary, opened the public hearing at 5:28 p.m. to receive any citizens' comments regarding the Unit 8 and Unit 9 ACI (Activated Carbon Injection) Installation Projects.

Mr. Gowey stated that public hearing notice was published as required by the Code of Iowa and that no written or oral comments were received regarding this project.

The following resolution was submitted:

***RESOLUTION 15-11***

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa has given tentative approval to plans and specifications for the Unit 8 and Unit 9 ACI (Activated Carbon Injection) Installation Projects, and,

WHEREAS, bids have been received and there are no written or oral objections to proceeding with these projects; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications for the Unit 8 and Unit 9 ACI (Activated Carbon Injection) Installation Projects be adopted.

Trustee Eversmeyer moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted this 30<sup>th</sup> day of June 2015. On roll call Trustees Bradford, Eversmeyer, Tubandt, Heidbreder and McGinnis voted aye. Voting nay, none. Resolution carried.

At 5:29 p.m., the Secretary closed the public hearing for the Unit 8 and Unit 9 ACI (Activated Carbon Injection) Installation Projects.

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



Jerry Gowey  
Board Secretary

**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
JUNE 30, 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, June 30, 2015, at 5:30 p.m.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Doyle Tubandt, Susan Eversmeyer, Steven Bradford, and Tracy McGinnis; Trustee Warren Heidbreder was present by phone 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 McGinnis asked if there was anyone in attendance who wished to make any public comments. There were no public comments.

The minutes of the May 26, 2015, regular meeting were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Tubandt, that the minutes from the May 26, 2015, public hearing and regular meeting be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for May 2015 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Tubandt moved, seconded by Trustee Eversmeyer to ratify payment of \$10,695,303.94 for the Electric Utility, \$443,702.29 for the Water Utility, and \$756,003.16 for the Communications Utility, for a cumulative total of \$11,895,009.39. All Trustees voted aye. Motion carried.

Mr. LoBianco asked that the next two agenda items, Item IV, Receive Bid Evaluation and Contract Recommendation for the Unit 8 and Unit 9 Activated Carbon Injection (ACI) Installation Project, and Item V, Recommendation to Approve Revised Project Summary Form for Unit 8 PAC (Powdered Activated Carbon) Injection System, be deferred to a future meeting. He continued that based on the current uncertainty surrounding the outcome of the Supreme Court's decision on June 29, 2015 reversing and remanding the D.C. Circuit's previous decision regarding Mercury and Air Toxics Standards (MATS) Rule, staff would like to defer the contract approval and the approval of the associated revised project summary form for Unit 8 PAC Installation Project, until Staff has had more time to review possible outcomes from this decision and to gain more clarity on the future of the MATS rule. He continued that if it is determined that the Utility should proceed with the contract award, it may be necessary to convene a special Board meeting in July for the

award of the contract as current bid documents require award by July 22, 2015. Trustee Bradford moved, seconded by Trustee Eversmeyer, to defer agenda Item IV, Receive Bid Evaluation and Contract Recommendation for the Unit 8 and Unit 9 Activated Carbon Injection (ACI) Installation Project, and agenda Item V, Recommendation to Approve Revised Project Summary Form for Unit 8 PAC (Powdered Activated Carbon) Injection System. All Trustees voted aye. Motion carried.

Mr. LoBianco explained to the Board that the memo from the Board Audit/Finance Committee memo was submitted as a recommendation for Baker Tilly Virchow Krause, LLP (BT) to continue as the auditors for the MP&W 2015 Audit. Trustee Bradford told the Board that the auditor's performance was discussed at the Audit/Finance Committee meeting that had preceded the Board meeting and that the Audit/Finance Committee recommends continuing the engagement of BT for the 2015 audit. Trustee Tubandt moved, seconded by Trustee Eversmeyer, that Baker Tilly Virchow Krause LLP continue to be engaged for the 2015 Annual Audit. Motion carried. All Trustees voted aye.

Mr. LoBianco stated at the May 7, 2015, City Council meeting, Mayor Hopkins re-appointed Doyle Tubandt to the MP&W Board of Trustees for a six-year term beginning July 1, 2015, through June 30, 2021, and the City Council ratified the appointment. Trustee Eversmeyer moved, seconded by Trustee Heidbreder, to receive and place on file the Certificate of Appointment for Doyle Tubandt to the Board of Trustees for a period of July 1, 2015, through June 30, 2021. All Trustees voted aye. Motion carried.

Mr. LoBianco stated that the Board of Trustees usually elects new officers at the June meeting for the following year. It was recommended that Trustee Bradford be elected Chairperson and Trustee Eversmeyer be elected Vice-Chairperson for the 2015/2016 term, beginning July 1, 2015. As part of the process of electing new Board officers, the Board Secretary is also appointed; it was recommended Mr. Gowey continue as Board Secretary. Mr. LoBianco thanked Chairperson McGinnis for her service as Chairperson. Trustee Tubandt moved, seconded by Trustee Heidbreder, that Trustee Bradford be elected Chairperson, Trustee Eversmeyer be elected Vice-Chairperson, and that Secretary Gowey continue as Board Secretary for the 2015/2016 term. All Trustees voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco reviewed his attendance at the APPA National Conference and a 2015 State Legislative Summary prepared by Ms. Olson that summarized bills passed that affect MP&W. Mr. LoBianco also shared the Muscatine Magazine that featured an article about MP&W.

The May 2015 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. After review and discussion, Trustee Tubandt moved, seconded by Trustee Eversmeyer, to receive and place on file the May 2015 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 form. There were no items for approval.

The May 2015 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Tubandt, to receive and place on file the May 2015 Departmental Reports. All Trustees voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 5:55 p.m.

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



Jerry Gowey  
Board Secretary

**MINUTES OF THE  
BOARD OF WATER, ELECTRIC, & COMMUNICATIONS TRUSTEES  
AUDIT/FINANCE COMMITTEE MEETING  
JUNE 30, 2015 – 4:30 P.M.**

The Board of Trustees Audit/Finance Committee met at Muscatine Power and Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, June 30, 2015, at 4:30 p.m.

Members of the Committee were present as follows: Committee Chairperson Steven Bradford. Trustee Warren Heidbreder was present by phone due to previously scheduled plans.

Present from Muscatine Power & Water were Sal LoBianco, General Manager; Jerry Gowey, Director Finance and Administrative Services; and Brenda Christensen, Executive Assistant.

Chairperson Bradford called the meeting to order.

The first agenda item was to review and assess the adequacy of the Audit Committee Charter and Checklist with suggested revisions. Trustee Heidbreder stated that he had reviewed the charter and checklist and provided changes to Ms. Christensen prior to the meeting. Trustee Bradford stated that he agreed with the changes and felt that no additional changes were needed to either the charter or checklist. Trustee Heidbreder moved, seconded by Chairperson Bradford, that the revisions to Audit Committee Charter and Checklist be accepted and that this version be used with all future committee packets.

Chairperson Bradford stated that the Board's Audit/Finance Committee is charged with evaluating the performance of MP&W's independent auditors, Baker Tilly Virchow Krause, LLP (BT), on an annual basis, along with a recommendation on the retention of the Auditors for the current year's audit. The 2014 Audit was the second year of a three-year agreement with the 2015 Audit being the last year of the contract. After discussion on current vs. past pricing, the Committee agreed that the performance of the Auditors was good and that the memo recommending the retention of the Auditors for the 2015 Audit should be placed on the June Board of Trustees meeting agenda.

The next discussion item was the Audit/Finance Committee self-assessment. Both Chairperson Bradford and Trustee Heidbreder had reviewed the self-evaluation form and agreed that it showed the Committee was functioning as was intended and that no follow-up actions were needed.

The next agenda item was to review expected near-term financing requirements for each Utility. Mr. Gowey stated that the financial projections for each Utility are currently being finalized and will be presented to the Board at a future meeting. The updated projections reflect no additional borrowing for the Electric Utility over the next 10 years, subject to

the impact of any major regulatory/environmental rules. The projections for the Water Utility indicated that borrowings will be needed over the next four years to finance large capital projects. The 2015 Water Utility Operating Budget indicates a need to borrow approximately \$8.65 million to finance capital projects, including the land acquisition scheduled for yet this year. Projected borrowing for the years 2016-2018 is approximately \$6.4 million for additional large capital projects. He reminded the committee that there is a short term borrowing agreement, for up to \$4.5 million, in place between the Electric Utility and Water Utility that is being used until longer term financing is decided upon for the Water Utility. The initial projections for the Communications Utility indicate that this Utility will not need any borrowings in 2015, but the years 2016-2018 have combined projected borrowings of \$5 million, as indicated in the 2015 Ten Year Financial Projections, to complete the Fiber to the Home Project and ongoing capital infrastructure needs. Mr. Govey is exploring financing options for both the Water Utility and Communications Utility borrowings and will report back to the A/F Committee at a later date.

The next agenda item was to review new financial reporting standards. Mr. Govey reminded the Board that each year management monitors and reports progress of any changes to the Committee. GASB statements 72-75 have been announced, but very little information on the statements has been given so far. Mr. Govey continued that Staff will wait for more detailed requirements and monitor the statements to see if there is any affect to the Utility.

The meeting was adjourned at 4:55 p.m.

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



Steven Bradford  
Audit/Finance Committee Chairperson

**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
JULY 17, 2015 – 8:30 A.M.**

The Board of Trustees met in special session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Friday, July 17th, 2015, at 8:30 a.m.

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

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

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

Mr. LoBianco explained that the next two agenda items, Item IV, Receive Bid Evaluation and Contract Recommendation for the Unit 8 and Unit 9 Activated Carbon Injection (ACI) Installation Project, and Item V, Recommendation to Approve Revised Project Summary Form for Unit 8 PAC (Powdered Activated Carbon) Injection System, were the two agenda items that were deferred at the previous June Board due to Supreme Court's decision on June 29, 2015 reversing and remanding the D.C. Circuit's previous decision regarding Mercury and Air Toxics Standards (MATS) Rule. He continued that staff had reviewed the possible outcomes from this decision and given the timing and the risk benefit analysis were recommending proceeding with the project. There was additional discussion on the benefits and risks, including reliability, environmental, and financial concerns, associated with both delaying and proceeding with the PAC equipment installation. Mr. LoBianco also provided the Board with an overview from Latham & Watkins regarding the Supreme Court's decision the implications and impacts of the decision.

Mr. LoBianco introduced the next item on the agenda as a recommendation to approve a revised Project Summary Form for the procurement and installation of a Powdered Activated Carbon (PAC) injection system on Unit 8 for the control of mercury emissions. Mr. LoBianco continued that this project was originally submitted and approved at the July 2013 Board Meeting at a total cost of \$1,000,000. The PSF was revised with the 2014 and 2015 Operating Budgets to adjust the timing of project costs and the project is now being revised to an estimated cost of \$1,360,000, which represents a \$360,000 increase due to the competitive proposals for the system installation coming in above the consultant's original estimates. He continued that the most likely explanation for the higher costs is due to increased demand for these systems related to MATS compliance. Staff had included some escalation of costs in their original project estimate to account for this increased demand, but actual cost escalation has proven to be higher than anticipated. Staff has also communicated the increased project cost estimate with MP&W's steam sales customer and has secured formal approval for sharing of the revised costs. After additional discussion, Trustee Heidbreder moved, seconded by Trustee Tubandt, that the revised Project Summary Form for the Unit 8 PAC Injection System Project be approved in the amount of \$1,360,000. All Trustees present voted aye. Motion carried.

Mr. LoBianco reviewed the previously submitted memorandum to all Board members regarding the receipt and evaluation of bids for the Unit 8 (GN130360) and Unit 9 (GN130361) Activated Carbon Injection (ACI) Installation Projects. These projects were approved with the 2013 Operating Budget with a total combined expenditure of \$2,800,000 to reduce mercury emissions at both Units, allowing us to comply with the potential U.S. EPA Mercury and Air Toxics Standards (MATS) rule. These projects are for the portion of the work that includes installation of the ACI equipment that was purchased earlier this year. The total published estimate for the installation portion of this project is \$1,170,000.

Project were mailed to seven (24) potential bidders. A total of four (4) bids were received, opened publicly, and read aloud on May 21, 2015, at 3:00 p.m. Two (2) bidders attended the opening. The total published estimate for the installation portion of this project is \$1,170,000. Management and our consultant, Black and Veatch, reviewed the bids and established conformance to the specifications with the evaluated low bidder of TEI Construction Services, Inc. It is recommended that the low bidder, TEI Construction Services, Inc. of Duncan, South Carolina, be awarded the contract for the Unit 8 and Unit 9 ACI projects for a total contract price of \$1,073,888. After review of the project, the following resolution was submitted:

**RESOLUTION 15-12**

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the bid for the Unit 8 (GN130360) and Unit 9 (GN130361) ACI (Activated Carbon Injection) Installation Projects, as submitted by TEI Construction Services, Inc. of Duncan, South Carolina, in the amount of 1,073,888, was the best and lowest bid received; now therefore,

BE IT RESOLVED by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the proposal from TEI Construction Services, Inc. of Duncan, South Carolina, in the amount of \$1,073,888, for the Unit 8 (GN130360) and Unit 9 (GN130361) ACI (Activated Carbon Injection) Installation Projects was hereby accepted as submitted; and,

BE IT FURTHER RESOLVED, that the General Manager and Secretary of the Board were hereby authorized, empowered, and directed to execute a contract in the sum approved by the Board of Water, Electric, and Communications Trustees.

Trustee Tubandt moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 17<sup>th</sup> day of July 2015. On roll call Trustees Heidbreder, Eversmeyer, Tubandt, and Bradford voted aye. Trustee McGinnis was absent. Voting nay, none. Resolution carried.

The meeting was adjourned at 8:50 a.m.

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

  
Jerry Gowey  
Board Secretary