

**PUBLIC HEARING OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
FEBRUARY 23, 2016 – 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, February 23, 2016, at 5:28 p.m.

Chairperson Steven Bradford called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Doyle Tubandt, Susan McGinnis, and Steven Bradford. Trustee Warren Heidbreder was present by phone 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; David Fee and Kristin Andrews of Principal Financial Group; 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 Construct Foundations Portion of the Install 134 MVA Autotransformer at South Substation Project.

Mr. Gowey, Board Secretary, opened the public hearing at 5:28 p.m. to receive any citizens' comments regarding the Construct Foundations Portion of the Install 134 MVA Autotransformer at South Substation Project.

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 16-06***

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 Construct Foundations Portion of the Install 134 MVA Autotransformer at South Substation Project; 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 Construct Foundations Portion of the Install 134 MVA Autotransformer at South Substation Project be adopted.

Trustee Heidbreder moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 23<sup>rd</sup> day of February 2016. On roll call Trustees Heidbreder, McGinnis, Eversmeyer, Tubandt, and Bradford voted aye. Voting nay, none. Resolution carried.

At 5:29 p.m., the Secretary closed the public hearing for the Construct Foundations Portion of the Install 134 MVA Autotransformer at South Substation Project.

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  
FEBRUARY 23, 2016 – 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, February 23, 2016, at 5:30 p.m.

Chairperson Steven Bradford called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Doyle Tubandt, Susan McGinnis, and Steven Bradford. Trustee Warren Heidbreder was present by phone 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; Kristin Andrews and Dan Sirdoreus of Principal Financial Group; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen 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.

The minutes of the January 26, 2016, regular meeting were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Heidbreder, that the January 26, 2016, regular meeting minutes be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for January 2016 was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Eversmeyer moved, seconded by Trustee Tubandt, to ratify payment of \$7,089,459.88 for the Electric Utility, \$542,767.63 for the Water Utility, and \$907,922.81 for the Communications Utility for a cumulative total of \$8,540,150.32. All Trustees voted aye. Motion carried.

Mr. LoBianco reminded the Board that the Pension Investment Policy requires that the Board review the Employee Pension Fund performance once a year. Mr. LoBianco introduced Kristen Andrews from the Principal Financial Group; Ms. Andrews introduced Dan Sirdoreus to provide the Pension Plan and Investment Report. Mr. Sirdoreus provided an update of the plan's 2015 yearend asset allocation and investment earnings results; he also reviewed the MP&W portfolio performance and the current asset manager watch list. Mr. Sirdoreus finished his presentation with a short update of the current market trends and market expectations for 2016. Trustee McGinnis moved, seconded by Trustee Eversmeyer, to receive and place on file the 2015 Employees' Pension Plan and Investment Advisory Report. All Trustees voted aye. Motion carried. The Principal Financial Group representatives left the meeting.

Mr. LoBianco reviewed the previously submitted memorandum to all Board members regarding the receipt and evaluation of bids for the Recommendation to Award Contract for the Construct Foundations Phase of the Install 134 MVA Autotransformer at South Substation Project. This project was approved with the 2013 Operating Budget with a total expenditure of \$3,475,000. The published estimate for this portion of the project was \$99,000, with an estimated total expenditure of \$110,000. The overall scope of work is to install a new 134 MVA autotransformer in parallel with an existing 75 MVA transformer, construct a 161 kV bus and install additional 161 kV circuit breakers, and to construct a new 69 kV tie with a new 69 kV circuit breaker. This project covers the portion of work to provide and install the autotransformer foundation, 69 kV circuit breaker foundation, ground grid connection, oil containment system including piping, crushed stone surfacing, and final grading for a complete installation.

Specifications pertaining to the Construct Foundations Phase of the Install 134 MVA Autotransformer at South Substation Project were mailed to 15 potential bidders. A total of seven bids were received, opened publicly, and read aloud on February 9, 2016, at 3:00 p.m. Four bidders attended the opening. It is recommended that the low bidder, Carl A. Nelson & Co. of Burlington, IA, be awarded the contract for the Construct Foundations Phase of the Install 134 MVA Autotransformer at South Substation Project, for a total price of \$105,877. After additional discussion, the following resolution was submitted:

***RESOLUTION 16-07***

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the bid for the Construct Foundations Phase of Install 134 MVA Autotransformer at South Substation Project, as submitted by Carl A. Nelson & Co. of Burlington, IA, in the amount of \$105,877.00, 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 Carl A. Nelson & Co. of Burlington, IA, in the amount of \$105,877.00, for the Construct Foundations Phase of the Install 134 MVA Autotransformer at South Substation Project 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 23<sup>rd</sup> day of February 2016. On roll call Trustees McGinnis, Eversmeyer, Tubandt, Heidbreder, and Bradford voted aye. Voting nay, none. Resolution carried.

Next Mr. LoBianco advised that, as included in the 2016 Communications Utility Operating Budget and approved at the November 2015 Board of Trustees Meeting, a 7% revenue adjustment was budgeted for cable TV services. At the time the budget was prepared,

three major programming contract negotiations had not been completed (Fox Sports Midwest, AMC, and NBCU). Programming rates in those contracts were higher than expected and budgeted; however, MP&W is continuing to absorb part of that increase and not pass the entire amount to our customers. The contract renewals were for multiple years, provided additional Watch TV Everywhere (WTVE) and free On Demand content from the networks, but yielded significant increases from prior rates. With these rate adjustments, along with annual rate increases from our other content providers, MP&W's programming expenses will increase in excess of 10% during 2016. Therefore, Staff is recommending an overall 7% revenue adjustment effective April 1, 2016, for MPW Digital TV packages and services.

Mr. LoBianco continued that there was no adjustments recommended for MachLink® Internet services, and that all MachLink® Internet customers will be "Next Leveled" for free in April 2016 when operational changes are completed. He reiterated that this speed enhancement demonstrates the ongoing commitment the Utility has to meeting the needs of our customer/owners. Mr. LoBianco closed with the comment that we work to keep all utility rates competitive and strive to keep necessary rate increases to a minimum, however, the past and current increase in Digital TV rates are driven by escalating fees paid to content providers. MP&W continues to absorb a portion of the programming increases, resulting in declining gross margins on cable TV services. We believe we have absorbed as much as possible without jeopardizing our ability to accomplish financial targets and maintain sufficient cash flow to pay for ongoing capital expenditures and service debt. After some additional discussion, including an update on the Fiber to the Home project, the following resolution was submitted:

***RESOLUTION 16-08***

WHEREAS, review of the financial condition of the Communications Utility has been completed and reviewed with the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed this information and determined that a revenue increase is necessary to keep the Communications Utility in a sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that effective April 1, 2016, the Communications Utility's price structure for MPW Digital TV Basic service shall be \$28.99 per month and Select service shall be \$73.99 per month; and,

BE IT FURTHER RESOLVED, that the General Manager of Muscatine Power and Water shall continue to be responsible for approving price tiers, premium services, equipment fees, promotional packages, and discounts for all Muscatine Power and Water's Communications services as deemed necessary to ensure the financial viability of the Communications Utility; and

BE IT FURTHER RESOLVED, that proper notice be given to consumers in accordance with the terms of the contracts, Federal Communications Commission (FCC) and Iowa State Code.

Trustee Heidbreder moved, seconded by Trustee McGinnis, that the said resolution should be passed, approved, and adopted this 23<sup>rd</sup> day of February 2016. On roll call Trustees McGinnis, Eversmeyer, Tubandt, Heidbreder, and Bradford voted aye. Voting nay, none. Resolution carried.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding agreements signed with Tenaska Power Services Company for the sale of excess capacity for the upcoming planning year (June 2016-May 2017). He also updated the Board on the Employee Informational Meetings that were held in February.

The January Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Gowey reviewed the January financials for each Utility. Trustee Tubandt moved, seconded by Trustee McGinnis, to receive and place on file the January 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 January 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 January departmental reports. All Trustees voted aye. Motion carried.

The meeting was adjourned at 6:20 p.m.

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



Jerry Gowey  
Board Secretary