

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 26, 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, July 26, 2016, at 5:30 p.m.

Acting Chairperson Doyle Tubandt called the meeting to order. Members of the Board were present as follows: Trustees Steven Bradford, Tracy McGinnis, Keith Porter, and Doyle Tubandt; Trustee Susan Eversmeyer was absent 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).

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

Mr. LoBianco stated at the July 21, 2016, City Council meeting, Mayor Diana Broderson appointed Keith Porter to the MP&W Board of Trustees for a six-year term beginning July 25, 2016, through June 30, 2022, and the City Council ratified the appointment. Trustee Bradford moved, seconded by Trustee McGinnis, to receive and place on file the Certificate of Appointment for Keith Porter to the Board of Trustees for a period of July 25, 2016, through June 30, 2022. All Trustees present voted aye. Motion carried.

The June 28, 2016, regular meeting minutes and the June 28, 2016, Audit/Finance Committee Meeting minutes were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Bradford, that the minutes from the June 28, 2016, regular meeting be approved as submitted and that the meeting minutes of the June 28, 2016, Audit/Finance Committee Meeting be received and placed on file. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for June 2016 was presented as previously submitted to all Board members in written form. Mr. LoBianco called the Trustees attention to the annual Title V payment that was made to the Iowa Department of Natural Resources in the amount of \$303,798.80. Trustee McGinnis moved, seconded by Trustee Bradford, to ratify payment of \$8,929,646.29 for the Electric Utility, \$485,568.58 for the Water Utility, and \$888,452.78 for the Communications Utility, for a cumulative total of \$10,303,667.65. All Trustees present voted aye. Motion carried.

The next item on the agenda was a Recommendation for Final Acceptance for the Well 46 Project. Mr. LoBianco told the Board that this project was approved with the 2014 Operating Budget for a total expenditure of \$312,725. At the September 29, 2015, Board

meeting, a contract was awarded to Cahoy Pump Service for the Construct Well 46 project. Work covered by this contract is complete and has been reviewed by management and found to be in accordance with the specifications. Mr. LoBianco referenced Contract Change Order 1 that included some additional equipment and stated that the change order was within the 10% change threshold and was previously approved by the General Manager. He continued that even with this increase, the overall project is below the project budget of \$312,725 and below the published estimate of \$281,452.50. MP&W Management recommends proceeding with final acceptance and release of retainage. After discussion and review, the following resolutions were submitted:

RESOLUTION 16-13

WHEREAS, Contract Change Order No. 1 has been prepared for the Construct Well 46 Project in the increased amount of \$8,136.80 and said Contract Change Order was reviewed by the Board, and Muscatine Power and Water Management has recommended approval of said Contract Change Order; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order No. 1 in the increased total net amount of \$8,136.80 be approved for an amended contract price of \$243,122.80 for the Construct Well 46 Project.

Trustee Bradford moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 26th day of July 2016. On roll call, Trustees Bradford, McGinnis, Porter, and Tubandt, voted aye. Voting nay, none. Trustee Eversmeyer was absent. Resolution carried.

RESOLUTION 16-14

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with Cahoy Pump Service, for the Construct Well 46 Project in the final amount of \$243,122.80 has been substantially completed in accordance with the project specifications and the recommendation has been made that said contract be accepted by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the Construct Well 46 Project, furnished under the above named contract be accepted and approved by the Board; and,

BE IT FURTHER RESOLVED, that five percent (5%) of the contract price be retained for a period of thirty-one (31) days from and after the date of resolution, all in accordance with the provisions of the Code of Iowa.

Trustee Porter moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 26th day of July 2016. On roll call, Trustees McGinnis, Porter,

Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Eversmeyer was absent. Resolution carried.

The next agenda item was a recommendation to tentatively approve plans and specifications for the Install Foundations, Conduit and Ground Grid Phase at the South Substation Project and to set dates for the receipt of bids and conduct a public hearing for this project. Mr. LoBianco reviewed the previously submitted memorandum to all Board members explaining that the overall project was approved with the 2013 Operating Budget; this portion of the work covers construction of the foundations for the steel structures and remaining equipment and also includes providing and installing the conduit and ground grid. The estimated total expenditure for this work is \$510,000 with the published estimate for the competitive bid being \$459,000. After discussion, the following resolution was submitted:

RESOLUTION 16-15

WHEREAS, plans and specifications have been prepared for the Install Foundations, Conduit and Ground Grid Phase of Install 134 MVA Autotransformer at South Substation Project; and,

WHEREAS, said proposed plans and specifications and proposed form of contract are now on file with the Secretary of the Board and the Board finds the same are in substantial conformity with the requirements necessary to carry out said plans; now therefore, the Install Foundations, Conduit and Ground Grid Phase of Install 134 MVA Autotransformer at South Substation Project plans and specifications are tentatively approved; and,

BE IT FURTHER RESOLVED, that the date of September 1, 2016, at 3:00 p.m., is hereby set for receipt of bids on said project at which time the Board's duly appointed representatives are hereby authorized, empowered, and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice to bidders be published not less than thirteen (13) days nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held in the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on September 27, 2016, at 5:28 p.m., and notice to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the Code of Iowa.

Trustee Bradford moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 26th day of July 2016. On roll call, Trustees McGinnis, Bradford, Porter, and Tubandt, voted aye. Voting nay, none. Trustee Eversmeyer was absent. Resolution carried.

Mr. LoBianco stated that the next item on the agenda was a recommendation to approve water service outside the city limits for a house under construction at 1864 Highway 38, Muscatine. The homeowner plans to connect to the existing 12" MP&W water main that runs along Highway 38 adjacent to their property. The service connection will be at no cost to the Utility and will have no impact on the Utility's water system. After additional discussion, Trustee McGinnis moved, seconded by Trustee Porter, to approve the request for water service outside the City limits for 1864 Highway 38, Muscatine. 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 the use of MISO's formula rate protocols. The key component in establishing the formula rates is through the use of MISO's Attachment O template. The Attachment O utilizes financial information from MP&W's audited financial statements to calculate the appropriate formula rates. MP&W must update the Attachment O each year, utilizing the most recent financial data, and submit to MISO by the first of June. A step required by the Federal Energy Regulatory Commission (FERC) in this process is that each TO must hold an annual public meeting regarding its transmission rate updates, and submit an 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 30, 2016 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 public meeting. After additional discussion, the following resolution was submitted:

RESOLUTION 16-16

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 30th day of August 2016 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 McGinnis, that said resolution be passed, approved, and adopted this 26th day of July 2016. On roll call, Trustees Porter, McGinnis, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Eversmeyer was absent. Resolution carried.

Mr. LoBianco summarized the following appointments that are recommended for the 2016/2017 Board Committees:

Audit/Finance – Steven Bradford and Susan Eversmeyer (Committee Chair)

Planning/Operations – Keith Porter and Steven Bradford (Committee Chair)

Personnel/Public Relations – Tracy McGinnis and Doyle Tubandt (Committee Chair)

After discussion Trustee Bradford moved, seconded by Trustee Porter, to receive and place on file the 2016/2017 Board Committee appointments. All Trustees present voted aye. Motion carried.

Mr. LoBianco 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. He stated that the manual had been reviewed and updated by staff, and submitted in a “redline/track change mode” for their review and comment. Mr. LoBianco reviewed the major changes to the document; no action was being requested this evening regarding the policy manual. Approval will be requested at the August Board meeting.

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

The next item on the agenda was to receive and place on file the YTD and June Financial Statements, which are comprised of Statements of Revenues, Expenses and Changes in Net Position, Statements of Net Position, Statements of Cash Flow, and other related financial documents for each Utility and the Quarterly Investment Report. Mr. LoBianco stated that Financials would be covered in the Key Performance Indicators presentation. Trustee McGinnis moved, seconded by Trustee Bradford, to receive and place on file the YTD and June 2016 Financial Statements 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 McGinnis, 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. There were no items for approval. The report was received and placed on file.

The Critical Issues and Key Performance Indicators presentation for the Water, Electric, and Communications Utilities was the next agenda item. After presentation and a brief discussion in response to questions, Trustee Bradford moved, seconded by Trustee McGinnis, to receive and place on file the 2016 Second Quarter Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2016 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Bradford, to

receive and place on file the June 2016 Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 6:30 p.m.

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

A handwritten signature in blue ink that reads "Jerry Gowey". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Jerry Gowey
Board Secretary