

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
MAY 30, 2017 – 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, May 30, 2017, at 5:30 p.m.

Chairperson Susan Eversmeyer called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Steven Bradford, Keith Porter, and Susan Eversmeyer. Trustee Doyle Tubandt 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; Dave Mullen, Dougherty & Company LLC; Scott Stevenson, D.A. Davidson and Co.; David Grossklaus, Dorsey & Whitney, LLP; Erika Cox, Brandy Olson, Tim Reed, Gage Huston, and Brenda Christensen of Muscatine Power and Water (MP&W).

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

The minutes of the April 25, 2017, public hearings and regular meeting meetings were presented as previously submitted to all Board members in written form. Trustee Porter moved, seconded by Trustee McGinnis, that the minutes from the April 25, 2017, public hearings and regular meeting meetings be approved as submitted. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for April 2017 as presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee McGinnis moved, seconded by Trustee Bradford, to ratify payment of \$7,933,430.07 for the Electric Utility, \$603,121.44 for the Water Utility, and \$991,570.45 for the Communications Utility, for a cumulative total of \$9,528,121.96. All Trustees present voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as a recommendation to approve two resolutions relating to authorizing and ratifying the sale and execution of 2017 Water Revenue Bonds. Mr. LoBianco introduced Bond Counsel David Grossklaus of Dorsey & Whitney, Financial Advisor David Mullen from Dougherty & Company, and Underwriter Scott Stevenson from D. A. Davidson; he continued that they were in attendance to answer any questions the Board might have on the process. Mr. LoBianco explained that pursuant to the provisions of the Iowa Code and in connection with the sale of the Water Revenue Bonds, Series 2017 (the "Bonds"), Bond Counsel drafted two resolutions relating to the Bonds. In addition, documents referenced within the resolutions were also provided for the Board's review. These documents reflect a Bond issuance in the amount of \$15,200,000. The actual amount may be increased or decreased slightly to reflect actual pricing.

Mr. Grossklaus briefly reviewed each document included in the Board packet and answered several clarifying questions for the Trustees. Next Mr. Mullen reviewed the S&P rating of A that was given to MP&W and explained that this is a very common rating for water utility borrowings. With no additional questions, Chairperson Eversmeyer asked for a motion to Approve the Authorizing Resolution.

RESOLUTION NO. 17-27
AUTHORIZING RESOLUTION

Resolution authorizing and approving an Indenture of Trust providing for the issuance of water system utility revenue bonds in an aggregate amount not to exceed \$17,996,000, an Official Statement for the bonds, a Bond Purchase Agreement providing for the sale of the bonds and other documents related to the bonds.

WHEREAS, the City of Muscatine (the "City"), in the County of Muscatine, State of Iowa, did heretofore establish the Muscatine Water Utility System (the "Water Utility"), of Muscatine Power and Water ("Muscatine Power and Water" or the "Issuer") and for which the Water Utility has continuously supplied water service in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Water Utility are vested in the Board of Trustees of Water, Electric and Communications (the "Board") of Muscatine Power and Water, and the Board is authorized and empowered by Chapter 384 of the Code of Iowa (the "Act") to borrow money for the Water Utility, and the Issuer has adopted a master bond resolution (the "Master Bond Resolution") authorizing the issuance from time to time of Parity Obligations (as defined in the Master Bond Resolution) to borrow money secured by a first lien on the Water Utility's Net Revenues (as defined in the Master Bond Resolution); and

WHEREAS, it is deemed necessary and advisable that the Issuer should enter into an Indenture of Trust (the "Indenture") with Bankers Trust Company (the "Trustee") and issue its Water Revenue Bonds, Series 2017 (the "Series 2017 Bonds") in order for the Issuer to borrow an aggregate principal amount of not to exceed \$17,996,000 for the purpose of paying the cost of constructing water improvements and extensions to the municipal waterworks systems of the Water Utility (the "Project"); and

WHEREAS, the obligations of the Issuer under the Series 2017 Bonds and the Indenture shall be payable solely and only from the Net Revenues (as defined in the Master Bond Resolution) of the Water Utility and certain funds and accounts created and pledged under the Indenture and the Master Bond Resolution; and

WHEREAS, a public hearing has been held and all other action required by law has been taken to authorize the borrowing of money pursuant to the Act and the entering into the Indenture and the issuance of the Series 2017 Bonds; and

WHEREAS, D.A. Davidson & Co. (the "Underwriter") will utilize a Preliminary Official Statement and a final Official Statement (collectively the "Official Statement") to market the Series 2017 Bonds; and

WHEREAS, the Issuer has arranged for the sale of the Series 2017 Bonds to D.A. Davidson, Des Moines, Iowa (the "Underwriter") such sale to be pursuant to a bond purchase agreement (the "Bond Purchase Agreement") setting forth the final maturities, interest rates and terms of the Series 2017 Bonds; and

WHEREAS, the following action is now considered to be in the best interests of the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MUSCATINE POWER AND WATER ACTING WITH RESPECT TO THE WATER UTILITY, AS FOLLOWS:

Section 1. In order to finance a portion of the costs of the Project, the Series 2017 Bonds be and the same are hereby authorized and ordered to be issued pursuant to the Indenture, in

substantially the form as has been presented to and considered by this Board and containing substantially the terms and provisions set forth therein, and the forms, terms and provisions of the Series 2017 Bonds and the Indenture are hereby approved and the Chairperson and the Board Secretary are hereby authorized and directed to execute and deliver, as the case may be, the Indenture, and the Chairperson and the Board Secretary are further authorized and directed to execute and deliver the Series 2017 Bonds as provided in the Indenture, including the use of facsimile signatures as therein provided; it is the intent hereof that the Series 2017 Bonds shall be issued in an aggregate principal amount not to exceed \$17,996,000 and shall bear interest at the rates, and shall mature on the dates and in the amounts and may be subject to mandatory sinking fund redemption on such dates and in such amounts as set forth in the Bond Purchase Agreement and as shall be finally determined by the General Manager, Daugherty & Company, LLC, as municipal advisor to the Issuer (the "Municipal Advisor") and the Underwriter at the time of marketing of the Series 2017 Bonds and reflected in the final forms of the Indenture, the Series 2017 Bonds and the Bond Purchase Agreement. The execution and delivery of the Indenture by the Chairperson and the Board Secretary shall constitute approval by this Board of the final terms and provisions of the Series 2017 Bonds and the Indenture, including the final principal amount thereof, the interest rates thereon, the dates and amounts of maturities thereof and the redemption provisions relating thereto. It is hereby determined that the Indenture shall constitute a "loan agreement" as set forth in Section 384.24A of the Code of Iowa.

Section 2. The Series 2017 Bonds and any Parity Obligations as may be hereafter issued and outstanding from time to time, shall be limited obligations of the Water Utility and are payable solely from the Net Revenues of the Water Utility and amounts on deposit in the respective funds and accounts established in the Indenture pledged to the payment thereof. The Series 2017 Bonds are not payable in any manner by taxation and do not constitute a general obligation of the State of Iowa or the City. The Bonds are not a general obligation of the City or the Issuer and the Bonds are not a debt or a charge against the State of Iowa or the City within the meaning of any constitutional or statutory limitation or provision and are not payable in any manner by taxation.

Section 3. The General Manager is hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of Dougherty & Company LLC (the "Municipal Advisor") to prepare a Preliminary Official Statement and a final Official Statement, including any supplements thereto (together the "Official Statement") describing the Series 2017 Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 4. The use by the Underwriter of the Official Statement in connection with the marketing and sale of the Series 2017 Bonds is hereby authorized and approved; and such Official Statement as of its date will be, by approval thereof by the Chairperson and Board Secretary, deemed final by the Issuer within the meaning of Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

Section 5. The Chairperson and the Board Secretary are each authorized to execute and deliver the Bond Purchase Agreement to the Underwriter in substantially the form as submitted to and on file with the Issuer with such changes therein as may be determined at the time of marketing of the Series 2017 Bonds and agreed by the parties, all of which shall be deemed to be approved by the Issuer upon the execution and delivery thereof by such officer.

Section 6. The Chairperson and the Board Secretary are hereby authorized to execute and deliver all necessary documents as required by bond counsel to effectuate the issuance and sale of the

Series 2017 Bonds, including but not limited to the continuing disclosure agreement and closing certificates.

Section 7. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions.

Section 8. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; and this Resolution shall be in effect from and after its adoption.

Trustee Porter moved, seconded by Trustee McGinnis, that said resolution should be passed, approved, and adopted on this 30th day of May 2017. On roll call Trustees Bradford, McGinnis, Porter, and Eversmeyer voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

Chairperson Eversmeyer asked for a motion to Approve the Master Bond Resolution.

RESOLUTION NO 17-28
MASTER BOND RESOLUTION

Resolution providing for the issuance and securing the payment of future Obligations for the purposes of borrowing money for the Municipal Waterworks Systems of the Muscatine Water Utility System

WHEREAS, the City of Muscatine (the "City"), in the County of Muscatine, State of Iowa, did heretofore establish the Muscatine Water Utility System (the "Water Utility") of Muscatine Power and Water ("Muscatine Power and Water" or the "Issuer") and for which the Water Utility has continuously supplied water service in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Water Utility are vested in the Board of Trustees of Water, Electric and Communications (the "Board") of Muscatine Power and Water, and the Board is authorized and empowered by Chapter 384 of the Code of Iowa (the "Act") to issue Obligations (as provided herein) for the Water Utility secured by the Net Revenues (herein after defined) of the Water Utility; and

WHEREAS, it is deemed necessary and advisable that the Water Utility should adopt a master bond resolution, to provide for the establishment of funds and accounts and to authorize the incurrence of Obligations in the future; and

WHEREAS, the following action is now considered to be in the best interests of the Water Utility;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MUSCATINE POWER AND WATER ACTING WITH RESPECT TO THE WATER UTILITY, AS FOLLOWS:

Section 1. Definitions. Terms used herein shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

"Authorized Representative" means with respect to the Issuer, the Chairperson, Board Secretary, or any other person or persons designated as an Authorized Representative of the Water Utility.

“Bond Counsel” means the firm of Dorsey & Whitney LLP, Des Moines, Iowa, or any other firm of nationally recognized bond counsel experienced in tax-exempt financing, selected by the Water Utility.

“Bond Resolution” or “Resolution” or “Master Bond Resolution” shall mean this Master Bond Resolution, as supplemented and amended from time to time.

“Capital Lease” has the meaning set forth in Section 10 hereof.

“Debt Service Coverage” means for each Fiscal Year, to produce and maintain Net Revenues of the Water Utility at a level not less than 110% of the amount of principal and interest on the Bonds and any Parity Obligations secured by a pledge of the Net Revenues of the Water Utility falling due in the same year.

“Debt Service Payments” means, for any period or payable at any time, the principal, and interest on any Parity Obligations for that period or payable at that time whether due at maturity or upon redemption or acceleration.

“Defeasance Obligations” mean any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
 - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;
 - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
 - (5) such cash and United States Government Obligations serving as security for the obligations, are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (6) the obligations are rated in the highest rating category by Moody’s Investors Service, Inc. (presently “Aaa”) or Standard & Poor’s Ratings Services (presently “AAA”).

“Fiscal Year” shall mean the twelve-month period beginning on January 1 and ending December 31 of each year, or any other consecutive twelve-month period adopted by the Board or by law as the official accounting period of the Water Utility.

"GAAP" means generally accepted accounting principles as issued by the Governmental Accounting Standards Board (GASB) from time to time, consistently applied.

"Government Securities" shall mean direct obligations of, or obligations the payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Gross Revenues" shall mean all income and receipts derived from the operation of the Water Utility.

"Indebtedness" shall mean all obligations payable out of Net Revenues of the Water Utility, including Capital Leases and other obligations appearing on the balance sheet of the Water Utility as liabilities for the payment of money as determined in accordance with GAAP; provided that Indebtedness shall not include:

- (a) any portion of any Indebtedness for which cash or escrow obligations are irrevocably on deposit in an escrow or trust account with a third party escrow agent, which cash and escrow obligations (including, where appropriate, the earnings or other increments to accrue thereon) are required to be used to pay the principal of or interest on such Indebtedness;
- (b) liabilities incurred by the endorsement for collection or deposit of checks or drafts received in the ordinary course of business or overdrafts to banks to the extent there are immediately available funds sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the ordinary course of business;
- (c) accounts payable and similar liabilities (other than for the repayment of borrowed money) incurred in the ordinary course of business;
- (d) liabilities payable out of current payments for the funding of employee pension plans, retiree benefits other than pensions, health plans and other benefit programs, contributions to self-insurance or pooled-risk insurance programs and estimated long-term self-insurance liability, and the funding of reserves for deferred taxes, deferred revenues, deferred compensation, and similar such liabilities;
- (e) obligations under contracts for supplies, services or pensions allocated to the current Operating Expenses of the Water Utility of future years in which the supplies are to be furnished, the services rendered or the pensions paid;
- (f) rentals payable under leases which are not capitalized under GAAP; or
- (g) any other obligations that do not constitute indebtedness under GAAP.

"Independent Auditor" shall mean a firm of independent certified public accountants.

"Independent Consultant" shall mean a person or firm who is nationally recognized, not an employee or officer of the Issuer, qualified to pass upon questions relating to the financial affairs of organizations engaged in like operations to those of the Water Utility and having a favorable reputation for skill and experience in such financial affairs.

"Iowa Investment Statutes" means Iowa Code chapters 12B and 12C, as amended from time to time, governing allowable investments of bond proceeds of the Water Utility held pursuant to a trust indenture or other issuance document.

"Irrevocable Deposits" means the irrevocable deposit in trust of cash in an amount, or Defeasance Obligations the principal of and interest on which will be an amount, sufficient to pay all or a portion of the Debt Service Payments on, as the same shall become due, any Indebtedness which would otherwise be considered outstanding.

"Long-Term Indebtedness" means (a) Indebtedness having an original stated maturity or term greater than one year, or (b) Indebtedness having an original stated maturity or term equal to or less than one year that is renewable or extendable at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof.

"Moody's" shall mean Moody's Investors Services, Inc.

"Net Income Available for Debt Service" means, for any period of calculation, with respect to the Water Utility, the Net Revenues of the Water Utility; provided, that no determination thereof shall take into account:

- (a) any gain or loss resulting from either the early extinguishment or refinancing of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business;
- (b) gifts, grants, bequests, donation or contributions, and income therefrom, to the extent permanently restricted by the donor in writing or by law to a purpose inconsistent with their use for the payment of Debt Service Payments or the payment of expenses;
- (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;
- (d) adjustments to the value of assets or liabilities resulting from changes in accounting principles generally accepted in the United States of America, or resulting from a provision for impairment of assets which does not result in the expenditure of cash;
- (e) unrealized gains or losses that do not result in the receipt or expenditure of cash;
- (f) any temporary or other than temporary impairment of investment securities; and
- (g) nonrecurring items which do not involve the receipt, expenditure or transfer of asset

"Net Proceeds: means the net proceeds of any insurance proceeds, condemnation awards or sale proceeds relating to any damage, destruction, condemnation or sale under threat of condemnation of the Water Utility remaining after payment of all expenses incurred in the collection of those proceeds, including attorneys' fees and any other expenses.

"Net Revenues" shall mean Gross Revenues of the Water Utility after deduction of Operating Expenses of the Water Utility.

"Obligation Issuance Documents" means collectively the Parity Obligation Issuance Documents and the Subordinated Obligation Issuance Documents.

"Obligations" means, collectively, Parity Obligations and Subordinated Obligations.

"Officer's Certificate" or "Certificate of the Issuer" shall mean a certificate signed by an Authorized Representative of the Issuer.

"Operating Expenses of the Water Utility" shall mean and include salaries, wages, cost of maintenance and operation, materials, supplies, insurance and all other items normally

included under recognized accounting practices, but does not include allowance for depreciation in the value of physical property, amortization, other non-cash expenses or interest expenses.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel selected by the Issuer.

"Opinion of Counsel" means a written opinion of counsel selected by the Issuer.

"Outstanding," when used as of any particular time with reference to a Obligation, means all Obligations theretofore, or thereupon, being authenticated and delivered under this Resolution and any applicable Obligation Issuance Documents except (1) Obligations theretofore canceled or surrendered for cancellation, (2) Obligations with respect to which all liability of the Issuer shall have been discharged, and (3) Obligations for the transfer or exchange of or in lieu of or in substitution for which other Obligations shall have been authenticated and delivered pursuant to this Resolution and any applicable Obligation Issuance Documents.

"Parity Obligation Debt Service Reserve Fund" means any funds or accounts established pursuant to any Parity Obligation Issuance Document to serve as a debt service reserve fund for the payment of principal of and interest on the Parity Obligations issued pursuant thereto.

"Parity Obligation Holder" or "Holder" means any current holder of any Parity Obligation, except that if the Parity Obligation Issuance Documents identify a trustee or other fiduciary to act on behalf of the holders of Parity Obligations, such trustee or other fiduciary shall be considered to be the holder of such Parity Obligations so long as it is so acting

"Parity Obligation Issuance Documents" means a Series Resolution, loan agreement, indenture or other document, as the case may be, authorizing and issuing a series of Parity Obligations.

"Parity Obligation Sinking Fund" means one or more sinking funds or similar accounts established to pay principal of and interest on any Parity Obligations established in the related Parity Obligation Issuance Documents.

"Parity Obligations" means any Indebtedness payable from Net Revenues and secured by a first lien on such Net Revenues of the Water Utility, whether in the form of bonds, notes, loan agreements, leases, guaranties or other obligations.

"Person" or "person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Qualified Investments" shall mean investments in any of the following, so long as such investment complies with the Iowa Investment Statutes: (i) Government Securities, (ii) obligations issued or guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America, pursuant to authority granted by the Congress of the United States of America, (iii) interest-bearing deposit accounts (which may be represented by certificates of deposit, time deposit open account agreements or other deposit instruments) in national or state banks or savings and loan associations which deposit accounts, to the extent not fully insured by the Federal Deposit Insurance Corporation or secured pursuant to Chapter 12C of the Code of Iowa, shall be in national or state banks whose debt obligations are rated "Aa" or better by Moody's or "AA" or better by S&P, (iv) bankers acceptances drawn on and accepted by national or state banks rated "Aa" or better by Moody's or "AA" or better by S&P, (v) notes or commercial paper rated in the highest short-term rating category by Moody's or S&P, (vi) shares of investment companies or cash equivalent investments which are authorized to invest only in assets or securities

described in (i), (iv), or (v) above, (vii) repurchase agreements with financial institutions fully secured by Government Securities, provided that such Government Securities shall be in the possession of the Issuer or a third party (other than the other party to such repurchase agreement) acting solely as agent for the Issuer, (viii) money market funds having a minimum asset value of \$100,000,000, (ix) obligations issued by any state of the United States or any political subdivision thereof which are rated "Aa" or better by Moody's or "AA" or better by S&P at the time the obligations are acquired, and (x) investment agreements with financial institutions rated "Aa or better by Moody's or "AA" or better by S&P at the time the investment agreement is entered into. For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at fair market value.

"Series Resolution" means any resolution adopted by the Issuer authorizing the issuance of a series of Obligations.

"Subordinated Obligation Issuance Documents" means a Series Resolution, loan agreement, indenture or other document, as the case may be, authorizing and issuing a series of Subordinated Obligations.

"Subordinated Obligations" means Indebtedness of the Issuer that by the terms thereof is specifically junior and subordinate to the Parity Obligations with respect to payment of principal and interest thereon, and is evidenced by an instrument containing provisions substantially the same as those in Exhibit A.

"Supplemental Resolution" means any resolution adopted by the Issuer supplementing or amending this Resolution, any Series Resolution or any Supplemental Resolution.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service, and such obligations are held in a custodial or trust account for the benefit of the Issuer.

"Water Utility" shall mean Muscatine Water Utility System of Muscatine Power and Water and all properties of every nature hereinafter owned by the Water Utility comprising part of or used as a part of the Water Utility, including all improvements and expansions made by the Water Utility, including all real and personal property and all appurtenances, contracts, leases, franchises and other intangibles.

Section 2. Authorization of Obligations; Conditions Precedent. Pursuant to authority granted in Chapter 384 of the Code of Iowa, as amended, and in compliance with all applicable provisions of the laws of the State of Iowa, the Issuer has the authority to borrow money secured by the Net Revenues of the Water Utility.

There is hereby authorized to be issued or incurred, from time to time, Obligations of the Issuer, in one or more series, to carry out the lawful purposes of the Issuer. The Obligations shall be issued or incurred subject to the terms, conditions and limitations established in this Resolution and shall be issued pursuant to a Series Resolution and other appropriate Obligation Issuance Documents.

Each Series Resolution or, if applicable, Obligation Issuance Documents, authorizing the issuance of a Series of Obligations shall include (a) the form of the Obligation or reference thereto, (b) the terms of the Obligations, including interest rate, principal and interest payment dates, (c) the security for the Obligations, (d) redemption and/or prepayment terms and (e) other terms and conditions determined at that time of the sale, issuance and/or incurrence of such Obligations.

Section 3. Source of Payment from Net Revenues of the Water Utility. All Parity Obligations and the interest thereon shall be payable out of the Net Revenues of the Water Utility and shall be a first lien on future Net Revenues of the Water Utility, and may also be payable from other funds and accounts established or provided for pursuant to the Parity Obligation Issuance Documents and pledged to the payment thereof.

All Subordinate Obligations and interest thereon shall be payable out of the Net Revenues of the Water Utility on a subordinate or junior basis to the Parity Obligations and shall be a junior lien on future Net Revenues of the Water Utility, and may also be payable from other funds and accounts established or provided for pursuant to the Subordinated Obligation Issuance Documents and pledged to the payment thereof.

The Obligations shall not be general obligations of the Issuer, the City, the State of Iowa or any political subdivision of the State of Iowa, shall not be payable in any manner by taxation, and neither the Issuer, the City, the State of Iowa, nor any other political subdivision of the State of Iowa shall be in any manner liable by reason of the failure of the Net Revenues to be sufficient for the payment of the Obligations.

Section 4. Equality of First Lien-Parity Obligations; Equality of Subordinate Lien- Subordinated Obligations. The timely payment of principal of and interest on the Parity Obligations and the payment obligations of the Issuer under any Parity Obligations and related Parity Obligation Issuance Documents shall be secured equally and ratably on a first lien basis by the future Net Revenues of the Water Utility without priority by reason of number or time of sale, execution or delivery; and the future Net Revenues of the Water Utility are hereby irrevocably pledged to the timely payment of the same as the same shall become due.

The timely payment of principal of and interest on the Subordinate Obligations and the payment obligations of the Issuer under any Subordinate Obligations and related Subordinate Obligation Issuance Documents shall be secured equally and ratably on a subordinate lien basis by the future Net Revenues of the Water Utility without priority by reason of number or time of sale, execution or delivery; and the future Net Revenues of the Water Utility are hereby irrevocably pledged to the timely payment of the same as the same shall become due on a subordinate basis to the payment of the Parity Obligations.

Section 5. Allocation of Revenues; Establishment of Revenue Fund. So long as this Resolution is in effect, the Gross Revenues of the Water Utility shall be deposited as collected in a fund held by the Water Utility to be known as the Revenue Fund (the "Revenue Fund"). The Gross Revenues shall be applied by the Water Utility from time to time to pay Operating Expenses of the Water Utility, and shall then be applied in the following order of priority:

- (a) the Net Revenues of the Water Utility shall be applied by the Issuer to pay the principal of and interest on Parity Obligations as the same are due (whether by maturing, redemption or acceleration) and to make the deposits required to be made into any Parity Obligation Sinking Funds established in accordance with the applicable Parity Obligation Issuance Documents. In the event that there are not

sufficient amounts on deposit in the Revenue Fund to make all of such payments and deposits when due, the amount on deposit in the Revenue Fund shall be applied to make such payments and deposits on a pro rata basis in accordance with the outstanding principal amount of such Parity Obligations and as soon as additional Net Revenues of the Water Utility are available, the same shall be used by the Issuer to make any unpaid payments and to make up any deficiencies to the Parity Obligation Sinking Funds.

- (b) Any balance of the Net Revenues of the Water Utility remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraph (a) shall be used to make the deposits required to be made into any Parity Obligation Debt Service Reserve Funds established in accordance with applicable Parity Obligation Issuance Documents either to build up the amounts therein to the required reserve deposit or to make up any deficiencies therein created by transfers or valuations. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such deposits when due, the amount on deposit in the Revenue Fund shall be applied to make such deposits on a pro rata basis in accordance with the outstanding principal amount of such Parity Obligations and as soon as additional Net Revenues of the Water Utility are available, the same shall be used by the Issuer to make up any deficiencies from previous deposits to the Parity Obligation Debt Service Reserve Funds.
- (c) Any balance of the Net Revenues remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a) and (b) shall be used to make up any deficiencies in any other funds and accounts established in accordance with any Parity Obligation Issuance Documents. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such deposits when due, the amount on deposit in the Revenue Fund shall be applied to make such deposits on a pro rata basis in accordance with the outstanding principal amount of the respective Parity Obligations and as soon as additional Net Revenues of the Water Utility are available, the same shall be used by the Issuer to make up any deficiencies from previous deposits to such funds and accounts.
- (d) Any balance of the Net Revenues of the Water Utility remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a), (b) and (c) shall be applied to pay the principal of and interest on any Subordinated Obligations as the same are due and to make the deposits required to be made into any funds and accounts established in accordance with the Subordinated Obligation Issuance Documents.
- (e) Any balance of the Net Revenues remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a), (b), (c), (d) may be applied to for any lawful purpose.

All income derived from investments of the Revenue Fund shall be regarded as revenues of the Water Utility, and shall accrue to the Revenue Fund.

Section 6. Rates and Charges. There has heretofore been established as required by law, just and equitable fees, rates and charges for the use of the services rendered by the Water Utility.

So long as any of the Parity Obligations are outstanding, the Issuer shall operate the Water Utility on a revenue producing basis and charge such fees and rates for its services and exercise

such skill and diligence as to provide income from the Water Utility together with other available funds sufficient to pay promptly Debt Service Payments, all Operating Expenses of the Water Utility, maintain a Debt Service Coverage for each Fiscal Year equal to at least 1.10 commencing with the Fiscal Year ending in 2017 and provide all other payments required to be made by it hereunder to the extent permitted by law. In addition, the Issuer shall, from time to time as often as necessary and to the extent permitted by law, revise the Water Utility's rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

If the Debt Service Coverage is less than 1.10 for any Fiscal Year beginning with the Fiscal Year ending in 2017, then the Issuer shall (i) retain an Independent Consultant to make recommendations with respect to the rates, fees and charges of the Water Utility and the Water Utility's methods of operation and other factors affecting its financial condition in order to increase the Debt Service Coverage for subsequent Fiscal Years to at least 1.10, and (ii) notify any Parity Obligation Holder requesting such notification that the Issuer is required by this Section to retain an Independent Consultant; provided, however, the Debt Service Payments of any Indebtedness issued to finance capital improvements to or for the Water Utility shall not be included in the calculation of Debt Service Coverage until the Fiscal Year subsequent to the Fiscal Year the capital improvements are placed in service. A copy of the report of such Independent Consultant and recommendations, if any, shall be filed with any Parity Obligation Holder requesting such information. So long as the Issuer retains an Independent Consultant and complies with such Independent Consultant's reasonable recommendations to the extent not prohibited by law, and the Debt Service Coverage is not less than 1.00, then no default shall be declared with respect to this Section, provided all required payments are being timely made under the Parity Obligations.

Section 7. Covenants Regarding the Operation of the Water Utility. The Issuer hereby covenants and agrees with each and every holder of any Parity Obligations:

- (a) Maintenance and Efficiency. That the Issuer will maintain the Water Utility in good condition and operate it in an efficient manner and at a reasonable cost as a revenue producing undertaking.
- (b) Rates. That on or before the beginning of each Fiscal Year, the Issuer will adopt or continue in effect rates for all services rendered by the Water Utility sufficient to produce revenues for the next succeeding Fiscal Year sufficient to meet the requirements of Section 6 of this Resolution.
- (c) Insurance. That the Issuer shall maintain insurance on the insurable portions of the Water Utility of a kind and in an amount which normally would be carried by private companies engaged in a similar kind of business, including, but not limited to, comprehensive public liability insurance and workers' compensation insurance. The Issuer will keep proper books of record and account, separate from all other records and accounts, showing the complete and correct entries of all transactions relating to the Water Utility, and the owners any Parity Obligations shall have the right at all reasonable times to inspect the Water Utility and all records, accounts and data of the Water Utility relating thereto.
- (d) Accounting and Audits. That the Issuer will cause to be kept proper books and accounts of the Water Utility and in accordance with GAAP. The Issuer shall furnish financial statements/information to any Parity Obligation Holder as required by

any respective Parity Obligation Issuance Document.

- (e) State Laws. That the Issuer will faithfully and punctually perform all duties with reference to the Water Utility required by laws of the State of Iowa, including the making and collecting of reasonable and sufficient rates for services rendered by the Water Utility as above provided, and will segregate the revenues of the Water Utility and apply said revenues to the funds specified in this Resolution and any Parity Obligation Issuance Documents.
- (f) Fidelity Bond. That the Issuer shall maintain fidelity bond coverage in amounts which normally would be carried by private companies engaged in a similar kind of business on each officer or employee having custody of funds of the Water Utility.
- (g) Budget. That the Issuer will adopt a budget of Water Utility revenues and current expenses on or before the end of each Fiscal Year for the ensuing Fiscal Year, and will file copies of such budgets, and any amendments thereto, with all Parity Obligation Holders requesting such information. Such budget shall take into account revenues and current expenses during the current and last preceding Fiscal Years. For any increases in the operating budget, the Issuer shall follow its normal budgeting procedures.
- (h) Abandonment/Sale of the Water Utility. That so long as any Parity Obligations are outstanding, the Water Utility will not be abandoned or the operation thereof discontinued (by sale, lease or otherwise) unless provision for the payment of the principal of, premium, if any and interest on such Parity Obligations and the discharge and satisfaction of the covenants, liens and pledges entered into, created or imposed by this Resolution and any Parity Obligation Issuance Documents has occurred; provided, however, that the Issuer may dispose of any property which in the judgment of the Board, or the duly constituted body as may then be charged with the operation of the Water Utility, is no longer useful or profitable in the operation of the Water Utility nor essential to the continued operation thereof and when the sale thereof will not operate to reduce the revenues to be derived from the operation of the Water Utility.

Section 8. Events of Default; Remedies; Cooperation of Parity Obligation Holders. The failure by the Issuer to observe or perform any covenant, condition or agreement on its part contained in this Resolution and any Parity Obligation Issuance Document, shall constitute an event of default. Except as herein expressly limited, any Parity Obligation Holders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa, and of the United States of America, for the enforcement of payment of any Parity Obligations, and of the pledge of the Net Revenues of the Water Utility made hereunder and of all covenants of the Issuer hereunder, including, but not limited to the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and this Resolution, or to obtain the appointment of a receiver to take possession of or operate the Water Utility and to perform the duties required by Iowa law and this Resolution or employ the services of an Independent Consultant.

The Parity Obligation Holders acknowledge the parity relationship between the Parity Obligations and the rights of the Parity Obligation Holders. The Parity Obligation Holders agree to cooperate with each other in the pursuance of remedies hereunder, and under the Parity

Obligation Issuance Documents upon the occurrence of an Event of Default. Notwithstanding anything in any Parity Obligation Issuance Documents to the contrary, any monies received pursuant to any right given or action taken under this Master Bond Resolution or any Parity Obligation Issuance Documents shall be applied first to payment to the Parity Obligation Holders of all costs and expenses of the proceedings resulting in the collection of such money and of the expenses, liabilities and advances incurred or made by the Parity Obligation Holders and any remaining amounts shall be applied to the payment of the interest on and principal of any Parity Obligations then due (whether by maturity, redemption or acceleration) and if such remaining amounts are not sufficient to make all of such payments such amounts shall be applied on a pro rata basis in accordance with the Outstanding principal amounts of such Parity Obligations for further application in accordance with the provisions of the respective Parity Obligation Issuance Documents.

Section 9. Restrictions as to Incurrence of Indebtedness as Parity Obligations; Indebtedness as Subordinated Obligations. No bonds, notes or obligations of any kind or nature payable from or enjoying a lien or claim on the property or revenues of the Water Utility shall be issued having priority over any Parity Obligations.

So long as any Parity Obligations are Outstanding, the Issuer shall not incur any Indebtedness as additional Parity Obligations except as authorized by any of the following subsections of this Section:

- (a) Long-Term Indebtedness. Long-Term Indebtedness may be incurred as Parity Obligations if prior to incurrence thereof a statement of an Independent Auditor or independent financial consultant is obtained stating that the average Net Revenues of the Water Utility for the preceding two Fiscal Years for which audited financial reports are available (with adjustments as hereinafter provided) were equal to at least 1.20 times the maximum annual debt service on the then outstanding Parity Obligations and the Parity Obligations then proposed to be issued. For purposes of this subsection, the Net Revenues of the Water Utility may be adjusted so as to reflect any changes in the amount of such Net Revenues of the Water Utility which would have resulted had any revision of the schedule of rates or charges imposed at or prior to the time of the issuance of any proposed Parity Obligations been in effect during such preceding Fiscal Year.
- (b) The Issuer may incur Indebtedness with respect to the Water Utility as Subordinated Obligations without limitation.

Section 10. Calculation of Debt Service.

For purposes of the various calculations under this Resolution, the amount of Indebtedness of the Water Utility, the amortization schedule of such Indebtedness and the Debt Service Payments with respect to such Indebtedness shall be calculated in accordance with the actual amortization schedule for such Indebtedness, except as follows:

- (i) *Balloon Indebtedness.* "Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal of which becomes due and payable (either by maturity or mandatory redemption), during the same Fiscal Year, if such principal becoming due is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such Fiscal Year. The Debt Service Payments on Balloon Indebtedness may be deemed to be payable as follows:
 - (x) If the Issuer delivers an Officer's Certificate that establishes an amortization

schedule for any such Indebtedness, which provides for payments of principal and interest for each Fiscal Year that are sufficient to make any actual payments required to be made in such Fiscal Year by the terms of such Indebtedness; and the Issuer agrees in such certificate that the Water Utility will deposit for each Fiscal Year with a bank or trust company (pursuant to an agreement between the Water Utility and such bank or trust company), the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Indebtedness during such Fiscal Year (other than from amounts on deposit with such bank or trust company), which deposit shall be made prior to any such required actual payment during such Fiscal Year if the amounts so on deposit are intended to be the source of such actual payments, then such Indebtedness may be deemed to be payable in accordance with the terms of such amortization schedule and agreement; or

- (y) Such Indebtedness may be deemed to be Long-Term Indebtedness payable on a level annual debt service basis for 15 years from any year in which 25% or more of the original principal of which becomes due and payable, but not more than 30 years from the date of issuance or incurrence of such Indebtedness, bearing interest on the unpaid principal balance at the rate equal to the rate set forth in the 30-year Bond Buyer Revenue Bond Index most recently published in The Bond Buyer (or such other index as set forth and deemed reasonable in a report of an Independent Consultant).
- (ii) *Capital Appreciation Indebtedness.* The principal amount of Indebtedness that constitutes "capital appreciation indebtedness" (defined below) shall be deemed to be the "accreted value" (defined below) thereof as of the relevant date. "Capital appreciation indebtedness" means any Long-Term Indebtedness for which interest is payable only at the maturity of such Indebtedness, upon the prepayment or redemption of such Indebtedness before maturity, or upon the conversion of such Indebtedness to Indebtedness with interest payable periodically in installments prior to maturity. "Accreted value" means with respect to any capital appreciation indebtedness (a) as of any "valuation date" (defined below), the amount set forth in the documents authorizing such Indebtedness as the value of such Indebtedness on such valuation date and (b) as of any date other than a valuation date the sum of (i) the accreted value on the next preceding valuation date and (ii) the product of (A) a fraction, the numerator of which is the number of days having elapsed from the preceding valuation date and the denominator of which is the number of days from such preceding valuation date to the next succeeding valuation date and (B) the difference between the accreted values for such valuation dates. "Valuation date" means with respect to any capital appreciation indebtedness the date or dates set forth in the documents authorizing such Indebtedness on which specific accreted values are assigned to the capital appreciation indebtedness.
- (iii) *Capital Leases.* The principal amount of Indebtedness in the form of a "capital lease" (defined below) shall be deemed to be the amount, as of the date of determination, at which the aggregate "net rentals" (defined below) due and to become due under such capital lease would be reflected as a liability on the balance sheet of the lessee, and the Debt Service Payments on a capital lease for the period of time for which calculated shall be deemed to be the aggregate amount of net rentals to be payable under such capital lease during such period. "Capital lease"

means any lease of real or personal property that is capitalized on the balance sheet of the lessee under GAAP. "Net rentals" means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property other than upon termination of the lease for a default thereunder) payable under such lease excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, interest, taxes and similar charges. Net rentals for any future period under any so called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

- (iv) In determining the Debt Service Payments on any Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such Indebtedness and which for any future period of time is not susceptible of precise determination, the interest rate on such Indebtedness for any period prior to the date of calculation or for which the interest rate has been determined shall be the actual interest payable during such period, and for each year in which such Indebtedness is Outstanding and for which the actual interest rate cannot be determined, the interest rate on such Indebtedness for the period of determination shall be deemed to be the average annual rate of interest payable on such Indebtedness during the 12 months immediately preceding the date of calculation, or if such Indebtedness is to be incurred or was incurred less than 12 months preceding such date, (1) if the Indebtedness bears interest at tax-exempt rates, an interest rate equal to the 12- month average of the Bond Market Association Index (as most recently published in The Bond Buyer prior to the issuance of the Indebtedness), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which an Authorized Representative determines most clearly replicates such index set forth in an Officer's Certificate delivered to the Trustee, (2) if the Indebtedness bears interest at taxable rates, an interest rate equal to the rate of the thirty (30) day London Interbank Offered Rate (LIBOR) (as most recently published prior to the issuance of the Indebtedness).
- (v) *Escrowed Deposits.* Such payments shall be excluded from Debt Service Payments to the extent that cash, including proceeds of Indebtedness or Defeasance Obligations (including, where appropriate, the earnings or other increment to accrue thereon) that are on deposit in an irrevocable escrow or trust account with a third party escrow agent or trustee and are required to be applied to pay all or a portion of the principal of and interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding and such amounts so required to be applied are sufficient to pay such principal and interest.

Section 11. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the holder or holders of the Parity Obligations, and after the issuance of any of the Parity Obligations, no change, variation or alteration of any kind in the provisions

of this Resolution shall be made in any manner, except as provided in Section 12 and Section 13 hereof, until such time as all of the Parity Obligations, and interest due thereon, shall have been satisfied and discharged as provided in this Resolution.

Section 12. Amendments to Resolution Not Requiring Consent of Owners of the Parity Obligations.

For any one or more of the following purposes, without the consent of or notice to the owners any Parity Obligations, and at any time or from time to time this Resolution may be amended, modified or supplemented by the Issuer:

- (a) to cure any ambiguity or formal defect or omission in this Resolution;
- (b) to grant to or confer for the benefit of the owners of the Parity Obligations any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Parity Obligations;
- (c) to assign and pledge under this resolution additional revenues, properties or collateral;
- (d) to provide for the refunding or advance refunding of any Indebtedness;
- (e) to modify, amend or supplement this resolution in such manner as to permit continued compliance with the provisions of the Internal Revenue Code in order to maintain the tax-exempt status of any Parity Obligations;
- (f) to provide for the issuance or incurrence of Parity Obligations; and
- (g) to make any other change that, in the judgment of the Issuer, does not materially adversely affect the rights of the owners of any Parity Obligations.

Section 13. Modification of Resolution Requiring Consent of Holders of the Parity Obligations.

In addition to amendments to this Resolution authorized by Section 12 hereof, this Resolution may be amended from time to time if such amendment shall have been consented to by the Holders of not less than a majority in principal amount of the Parity Obligations at any time outstanding, but this Resolution may not be so amended without the consent of the Holders of 100% in principal amount of the Parity Obligations at the time outstanding in such manner as to:

- (a) Make any change in the maturity or interest rate of the Parity Obligations, or modify the terms of payment of principal of or interest on the Parity Obligations or any of them or impose any conditions with respect to such payments;
- (b) Materially affect the rights of the Holders of less than all of Parity Obligations then outstanding; and
- (c) Reduce the percentage of the principal amount of Parity Obligations, the consent of the Holders of which is required to effect a further amendment.

Whenever the Issuer shall propose to amend this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed to each Parity Obligation Holder by certified or registered mail. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory Resolution is on file in the office of the Board Secretary.

Whenever at any time within one year from the date of the mailing of said notice there shall be filed with the Board Secretary an instrument or instruments executed by the Parity Obligation Holders of at least a majority (or 100% in the case of certain amendments) in aggregate principal amount of the Parity Obligations then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory Resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Council may adopt such amendatory Resolution and such Resolution shall become effective and binding upon the Holders of all of the Parity Obligations.

Any consent given by the Holder of a Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future Holders of the same Parity Obligation during such period. Such consent may be revoked at any time after six months from the date of such instrument by the Holder who gave such consent or by a successor in title by filing notice of such revocation with the Secretary.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Parity Obligations held by any person executing such instrument and the date of his or her holding the same may be proved by an affidavit by such person or by a certificate executed by an officer of a bank or trust company showing that on the date therein mentioned such person had a deposit with such bank or trust company the Parity Obligations described in such certificate.

Section 14. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions.

Section 15. Repeal of Conflicting Resolutions and Orders and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution area, to the extent of such conflict, hereby repealed; and this Resolution shall be in effect from and after its adoption.

Trustee McGinnis moved, seconded by Trustee Bradford, that said resolution should be passed, approved, and adopted on this 30th day of May 2017. On roll call Trustees Porter, Bradford, McGinnis, and Eversmeyer voted aye. Trustee Tubandt was absent. Voting nay, none. Resolution carried.

Mr. Grossklous, Mr. Mullen, and Mr. Stevenson left the meeting at 5:45 p.m.

In the General Manager's report, Mr. LoBianco communicated to the Board that MP&W once again was awarded a Reliable Public Power Provider (RP₃®) Diamond level designation, which is the highest of the three designations available. In the 12 years that American Public Power Association (APPA) has offered the RP₃ designation, MP&W has received four Platinum level designations (second highest of three designations) and, in its last two applications, two Diamond level designations. The award from the APPA recognizes the Utility for providing consumers with the highest degree of reliable and safe electric service. Next, Mr. LoBianco also asked Ms. Cox to review several videos and customer communications items that Staff has been working on for the Fiber to the Home Project.

The April 2017 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. After review and discussion, Trustee Porter moved, seconded by Trustee McGinnis, to receive and place on file the April 2017 Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. 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 April 2017 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Porter, to receive and place on file the April 2017 Departmental Reports. All Trustees present voted aye. Motion carried.

Chairperson Eversmeyer recommended that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1.i) to review the performance evaluations completed by the General Manager for the Directors and the performance evaluation completed by the Board of Trustees for the General Manager. Trustee Porter moved, seconded by Trustee McGinnis, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1.i) for the purpose of reviewing management performance. On roll call, Trustees Porter, McGinnis, Bradford, and Eversmeyer, voted aye. Voting nay, none. Trustee Tubandt was absent.

The meeting was closed to the public at 6:15 p.m. All attendees left the meeting except for the General Manager and the Trustees.

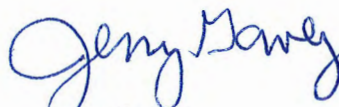
At 6:50 p.m. Mr. LoBianco left the closed session.

Trustee Bradford moved, seconded by Trustee McGinnis, to reconvene the meeting to open session. At 7:05 p.m. the meeting was reconvened to open session.

Trustee McGinnis moved, seconded by Trustee Bradford, to ratify salary adjustments effective July 1, 2017, as recommended by the General Manager for the Directors and to adjust the salary of the General Manager in accordance with his performance and the Salary Administration Program. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 7:10 p.m.

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



Jerry Gowey
Board Secretary