

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

June 28, 2011 – 5:30 P.M.

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, June 28, 2011, at 5:30 p.m.

Chairperson Gary Carlson called the meeting to order. Members of the Board were present as follows: Trustees Gary Carlson, Warren Heidbreder, Doyle Tubandt, Scott Ingstad, and Joan Axel.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Donald W. Kerker, Board Secretary; Duane Goedken, Board Attorney; Charles Potter, Muscatine Journal; Ted Barker, Maxeefish; Ray Danz, Gary Wieskamp, Brad Spratt and Brenda Christensen of Muscatine Power and Water (MP&W).

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

The minutes of the May 31, 2011, regular meeting were presented as previously submitted to all Board members in written form. Trustee Ingstad moved, seconded by Trustee Heidbreder, that the minutes be approved and placed on file as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for May was presented as previously submitted to all Board members in written form. Mr. LoBianco stated that expenditures are up this month due to more coal receipts, and additional purchased power and inventory and supplies for the Unit 8 & 9 outages. After review and discussion, Trustee Tubandt moved, seconded by Trustee Axel, to ratify payment of \$8,900,563.32 for the Electric Utility, \$416,508.28 in the Water Utility, and \$703,040.78 for the Communications Utility for a cumulative total of \$10,020,112.38. Motion carried. All Trustees present voted aye.

Chairperson Carlson stated that the Board of Trustees usually elects new officers at the June meeting for the following year. It was recommended that Trustee Joan Axel be elected Chairperson and Trustee Warren Heidbreder be elected Vice Chairperson for the 2011/2012 year, beginning July 1, 2011. Trustee Tubandt moved, seconded by Trustee Ingstad, that Trustee Joan Axel be elected Chairperson and Trustee Warren Heidbreder be elected Vice Chairperson for the 2011/2012 year. Motion carried. All Trustees present voted aye.

Chairperson Carlson continued that part of the process of electing Board officers is appointing a Board Secretary. Trustee Carlson stated that Mr. Don Kerker has served as the Board's Secretary since 1980, and it was recommended that Mr. Kerker continued

serving as Board Secretary. Trustee Heidbreder moved, seconded by Trustee Axel, that Mr. Don Kerker be appointed as Board Secretary for the 2011/2012 year. Motion carried. All Trustees present voted aye.

The next item on the agenda was a recommendation that the Board authorize the General Manager to enter into a rail transportation agreement with the BNSF Railway Company (BNSF) for coal transportation through December 31, 2017. Mr. LoBianco introduced Brad Spratt, Manager of Supply Chain Services and Ted Barker, a consultant from Maxeefish that have both been involved in reviewing and recommending the BNSF rail transportation agreement. Mr. Kerker continued by reviewing the existing agreements with BNSF and Canadian Pacific Railway Company (CP), along with the investigation of a barge delivery option. Mr. Kerker and Mr. Barker reviewed a presentation created by the MP&W Fuel Procurement Committee (FPC) and Maxeefish that gave an overview of the FPC, coal transportation routes, coal and coal transportation expenses, FPC strategies and the BNSF proposal. The presentation ended with the recommendation from the FPC, management, and consultant that MP&W enter into an agreement with BNSF for coal transportation. After discussion and additional review, Trustee Tubandt moved, seconded by Trustee Ingstad, that the General Manager be authorized to enter into an agreement with the BNSF for coal transportation. Motion carried. All Trustees present voted aye.

Mr. LoBianco introduced the next agenda item of the 2011 Annual Audit and the request for the Board's approval to continue the engagement of Baker Tilly Virchow Krause LLP (BT). Mr. LoBianco stated that the Audit/Finance Committee had met earlier in the day and discussed the performance of the BT. Trustee Ingstad, Chair of the Audit/Finance Committee, told the Board that the audit process and performance of BT was discussed at the Audit/Finance Committee meeting that had preceded the Board meeting. He stated that the Audit/Finance Committee agreed with the staff recommendation to continue the engagement of BT for the 2011 audit. Trustee Axel moved, seconded by Trustee Tubandt that Baker Tilly Virchow Krause LLP continue to be engaged for the 2011 MP&W Annual Audit. Motion carried. All Trustees present voted aye.

Mr. LoBianco reviewed the previously submitted memorandum to all Board members regarding the recommendation to dispose of real estate. Mr. LoBianco explained that MP&W owns a former substation property on Colorado Street that the Utility no longer has any use for and does not foresee any future use for; any future needs for substations in that area of town could be served by using other parcels of undeveloped land held by the Utility. This property is owned by the Board in fee simple title and is recommended for sale to the general public through solicitation of sealed bids. The sale of the real estate will be by special warranty deed. It was staff's recommendation that dates be established by the Board of Trustees to receive bids at 2:00 p.m. on July 18, 2011, and to conduct a public hearing at 5:24 p.m. on July 26, 2011, for the disposal of real estate.

The following resolution was submitted.

Resolution 11-13
NOTICE OF PUBLIC HEARING
INTENT TO DISPOSE OF REAL ESTATE
BY THE BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS
TRUSTEES OF THE CITY OF MUSCATINE, IOWA

WHEREAS, the City of Muscatine, Iowa, by its Board of Water, Electric, and Communications Trustees ("Board"), is the owner of real estate located and situated in the City of Muscatine, County of Muscatine, State of Iowa and more particularly described to-wit:

Commencing at the Southwest corner of the Northeast Quarter of Section Twenty-five (25), Township Seventy-seven (77) North, Range Two (2) West of the Fifth Principal Median; run thence East along the East and West center line of said Section Twenty-five (25) a distance of Ten hundred twelve (1012) feet; run thence North Sixty (60) feet to the true point of beginning; run thence North Fifty (50) feet; run thence East parallel with the East and West center line of said Section, Fifty (50) feet; run thence South Fifty (50) feet; run thence West Fifty (50) feet with the East and West center line of said Section, Fifty (50) feet to the true point of the beginning.

(“referred to as “Real Estate”)

WHEREAS, the Real Estate is owned by the City of Muscatine for the use and benefit of its Board of Water, Electric, and Communications Trustees which operates the city utilities, (electric, water and communications); and,

WHEREAS, the Real Estate was utilized by the Board as a site for an electric substation and said substation has been de-energized and dismantled and parcel is empty; and,

WHEREAS, the Real Estate is no longer needed for the distribution of electric energy and continued ownership of the Real Estate is a burden to the Board; and,

WHEREAS, the Board has fee simple title ownership to the Real Estate and the Board desires to solicit sealed bids for each of the two tracts of Real Estate and sell to the highest bidder; and

WHEREAS, the sale of the Real Estate shall be by separate Special Warranty Deed and in accordance with the terms and conditions set forth in the attached Notice to Solicit Bids.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES AS FOLLOWS:

1. The Board proposes to dispose of the Real Estate by Special Warranty Deed pursuant to the terms and conditions set forth in the Notice to Solicit Bids.
2. Sealed Bids will be received on July 18, 2011, at 2:00 P.M. for the said real estate in the Board Room of the Administration Building of Muscatine Power and Water, located at 3205 Cedar Street, in the City of Muscatine, Iowa.
3. A public hearing shall be held on the proposed disposal of the Real Estate on the 26th day of July 2011 at 5:28 P.M. in the Board Room of the Administration Building of Muscatine Power and Water, located at 3205 Cedar Street, in the City of Muscatine, Iowa.
4. That notice of hearing on the disposal of the Real Estate shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the City of Muscatine, Iowa, pursuant to Sections 362.3 and 364.7 of the Iowa Code.
5. Notice to Solicit Bids for each tract of Real Estate shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the City of Muscatine, Iowa, pursuant to Sections 362.3 and 364.7 of the Iowa Code.

Trustee Ingstad moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted this 28th day of June 2011. On roll call Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum updating the Board on the LED Street Lighting/Stimulus Funding Project.

The next item on the agenda was to receive and place on file the YTD and May Financial Operating Statements and Balance Sheets for each Utility. Mr. LoBianco gave a brief update on each Utility for the month of May and Mr. Kerker reviewed the YTD results. Trustee Ingstad moved, seconded by Trustee Axel, that the YTD and May Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities be received and placed on file. Motion carried. All Trustees present voted aye.

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 May Departmental Reports were presented as previously submitted to all Board members in written form. General discussion was conducted on the departmental reports. Trustee Axel moved, seconded by Trustee Heidbreder, to receive and place on file the May departmental reports. Motion carried. All Trustees present voted aye.

Chairperson Carlson asked if there were any other items of business. With no other items of business, Trustee Ingstad moved, seconded by Trustee Tubandt, that the meeting be adjourned at 6:55 p.m.

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



Donald W. Kerker
Board Secretary