

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
APRIL 30, 2019 – 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, April 30, 2019, at 5:30 p.m.

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

Also present were: Gage Huston, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Tim Reed, Brandy Olson, and Brenda Christensen of Muscatine Power and Water.

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

The minutes of the March 26, 2019, public hearing and regular meeting were presented as previously submitted to all Board members. Trustee McGinnis moved, seconded by Trustee Fields, that the March 26, 2019, public hearing and regular meeting minutes be approved as submitted. All Trustees present voted aye. Motion carried. Meeting minutes of the March 26, 2019, Audit/Finance Committee Meeting were received and placed on file.

Mr. Huston stated that he was honored to be hosting his first Board meeting and wanted to reiterate his thanks to the Board of Trustees for hiring him as the General Manager of Muscatine Power and Water.

The list of expenditures and transactions for March 2019 was presented as previously submitted to all Board members. After review and discussion of the expenditures, Trustee Eversmeyer moved, seconded by Trustee McGinnis, to ratify payment of \$9,221,694.64 for the Electric Utility, \$494,440.65 for the Water Utility, and \$1,057,704.83 for the Communications Utility for a cumulative total of \$10,773,840.12. All Trustees present voted aye. Motion carried.

Mr. Huston requested that the agenda item for the Recommendation to Accept Contract Change Order and Final Acceptance for the Grandview Avenue Water Treatment Plant Expansion Project be removed from the agenda due to the treatment plant not being put into full service until the following week.

Mr. Huston introduced the next agenda item, a Recommendation to Set Dates for the Receipt of Bids/Conduct a Public Hearing for the CCR Landfill Partial Cover Project. He stated this project was approved with the 2018 Operating Budget for a total expenditure of \$965,969. He continued that this section of landfill was put into service in 1992 and the landfill has two phases currently in service with phase 1 being nearly full. This project will cover this area, allowing phase two to continue being used. Mr. Huston stated that the total authorized expenditure is lower than what the engineer's estimate came in at, and once bids come in, a

revised project summary form would be presented if needed. After discussion, the following resolution was submitted:

RESOLUTION 19-11

WHEREAS, plans and specifications have been prepared for CCR Landfill Partial Cover 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, CCR Landfill Partial Cover Project is tentatively approved; and,

BE IT RESOLVED, that the date of May 30, 2019, at 3:30 p.m., is hereby set for receipt of bids on the CCR Landfill Partial Cover 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, receive and record all oral bids, and keep a written record of said proceedings and notice of receipt of bids to bidders is 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 at the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa on June 25, 2019, at 5:28 p.m., and notice of public hearing 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 McGinnis moved, seconded by Trustee Eversmeyer, that said resolution should be passed, approved, and adopted on this 30th day of April 2019. On roll call Trustees Fields, McGinnis, Eversmeyer, and Porter voted aye. Trustee Bradford was absent. Voting nay, none. Resolution carried.

The next item on the agenda was the Recommendation to Approve the Electric Rate Adjustments Effective August 1, 2019, and August 1, 2020. Mr. Huston stated that at the March Board of Trustees meeting, the Board was presented the results of the Cost of Service/Rate Design Study with a recommendation of a modest revenue adjustment of two percent (2%) be implemented effective August 1, 2019, and August 1, 2020, for all Electric Utility customers. He continued that the modest increases were a testament to staff and all they are doing to keep costs low. Mr. Huston stated the proposed rate plans had been reviewed for the two largest customers, GPC and Monsanto, and all Industrial I customers had received a letter summarizing the proposed rates. After further discussion and review, the following resolution was submitted:

RESOLUTION 19-12
ELECTRIC UTILITY RATE ADJUSTMENT

WHEREAS, certain studies have been made of the financial condition of the Electric Utility and presented to the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed these studies and determined that revenue increases are necessary to keep the Electric Utility in sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the electric revenue be increased by two (2) percent effective with electric usage starting August 1, 2019 and August 1, 2020; and,

BE IT FURTHER RESOLVED, that said increases be effected by adoption of the rates proposed by Dave Berg Consulting (DBC) Cost of Service/Rate Design Study dated March 2019; and,

BE IT FURTHER RESOLVED, that proper notice be given to contract consumers in accordance with the terms of the contracts.

Trustee Eversmeyer moved, seconded by Trustee Fields, that said resolution should be passed, approved, and adopted on this 30th day of April 2019. On roll call Trustees Fields, McGinnis, Eversmeyer, and Porter voted aye. Trustee Bradford was absent. Voting nay, none. Resolution carried.

Mr. Huston explained that the 2018 Muscatine Power and Water Annual Report had been provided with the Board meeting material. He continued that the 2018 Annual Report was developed in-house by MP&W's Marketing Department. Trustee Fields moved, seconded by Trustee McGinnis, that the 2018 Annual Report be received and placed on file as submitted. All Trustees present voted aye. Motion carried.

In the General Manager's report, Mr. Huston reviewed his previously submitted memorandum. The first topic was a discussion on recognition received from APPA for exceptional electric reliability in 2018; he reviewed the outage data reflecting the benefits MP&W has made in investments. Next, he reviewed the capacity auction results that were announced April 12, 2019 and stated that the unpredictability of the market continues, and capacity cleared at just \$2.99/MW-day compared to last year's clearing price of \$10.00/MW-day. Mr. Huston next reminded the Board that MP&W had entered a partnership with Service Line Warranty of America to offer MP&W water customers the opportunity to purchase service line warranties and letters would be going out to customers in May offering the service. The two final items on the General Manager's report were a writeup from Brandy Olson on the APPA Legislative Rally she attended in February and a copy of Public Power Magazine's article featuring MP&W for its environmental responsibility to its customers by a capture and reuse program for coal ash by-products from the generating units.

The YTD and March Financial Operating Statements and Balance Sheets and Quarterly Investment Report were presented as previously submitted to all Board members. Mr. Govey reviewed the year-to-date financials for each Utility. Trustee Fields moved, seconded by Trustee Eversmeyer, to receive and place on file the YTD and March Financial Operating

Statements and Balance Sheets for the Water, Electric, and Communications Utilities and the Quarterly Investment Report. All Trustees present voted aye. Motion carried.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file 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 for the Water, Electric, and Communications Utilities were previously submitted to all Board members. Mr. Huston asked if any of the Trustees had questions about the presentation material, pointing out that additional information had been added about the 161kV Transmission Line Project at the request of Trustee Bradford. After discussion about the FTTH project and questions about staying within budget during project completion, the HNI Wood Chip Project and the cause of the jump in customer interruptions, Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the First Quarter 2019 Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The March Departmental Reports were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the March Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting was adjourned at 6:15 p.m.

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Jerry Gowey
Board Secretary