

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JANUARY 29, 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, January 29, 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 present by phone due to previously scheduled travel plans.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Tim Reed, Gage Huston, 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 December 20, 2018, regular meeting and January 23, 2019, special meeting were presented for approval as previously submitted to all Board members. The December 20, 2018, Audit/Finance Committee meeting were presented to receive and place on file. Trustee McGinnis moved, seconded by Trustee Fields, that the December 20, 2018, regular meeting minutes and January 23, 2019, special meeting minutes be approved as submitted and that the meeting minutes of the December 20, 2018, Audit/Finance Committee Meeting be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for December 2018 was presented as previously submitted to all Board members. After review and discussion of the expenditures, Trustee Eversmeyer moved, seconded by Trustee Fields to ratify payment of \$9,475,807.74 for the Electric Utility, \$1,215,324.26 for the Water Utility, and \$1,459,482.52 for the Communications Utility for a cumulative total of \$12,150,560.52. All Trustees voted aye. Motion carried.

The next agenda item was a recommendation for issuing of plans and specifications for performing the work, and to Set Dates for the Receipt of Bids and to Conduct a Public Hearing for the A/O Center Main Lobby Remodel Construction Project. Mr. LoBianco stated this project was approved with the 2019 Operating Budget for a total expenditure of \$624,800. The estimate for this portion of the work is \$425,925 to furnish all labor, materials, tools, equipment, and supervision for the construction of the A/O Center Main Lobby Remodel in accordance with the design by Heery International, Inc. After discussion, the following resolution was submitted:

RESOLUTION 19-01

WHEREAS, plans and specifications have been prepared for the A/O Center Main Lobby Remodel Construction 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, A/O Center Main Lobby Remodel Construction Project is tentatively approved; and,

BE IT RESOLVED, that the date of March 7, 2019, at 3:30 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 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 March 26, 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 the said resolution should be passed, approved, and adopted this 29th day of January 2019. On roll call Trustees Fields, McGinnis, Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Resolution carried.

Mr. LoBianco introduced the next agenda item as a recommendation to Ratify the Contract Amendment and Contract Change Order (CCO) to the Agreement for the Construction of a Fiber to the Home (FTTH) System with Atlantic Engineering Group (AEG). He reminded the Board that at the November 27, 2018, Board meeting, the Board authorized the General Manager to execute a Contract Amendment and CCO #1 to the Agreement for the Construction of a FTTH System with AEG, subject to successful negotiation between the parties. He stated that those negotiations have been successfully completed and the Contract Amendment substantially reflects what the parties agreed to in the Term Sheet that was executed in late October 2018. He continued that the Board had been provided copies of the executed Contract Amendment and CCO #1, along with the FTTH Project and Estimated Cost Update. Mr. LoBianco stated that despite the winter weather the last couple of weeks, AEG has increased its local staff on the project and that they will be submitting their work plan for review in the next week. He continued that MP&W is also realigning their staffing on the project in anticipation of the ramp up of activity. The Board expressed their satisfaction with the amendment being finalized and Trustee Fields stated addition of milestones for the contractor was a good addition. Trustee McGinnis moved, seconded by Trustee Eversmeyer, to Ratify the Contract Amendment and CCO #1 to the Agreement for the Construction of a FTTH System with AEG. All Trustees voted aye. Motion carried.

Mr. LoBianco introduced the next item on the agenda as approval of Reimbursement Resolutions for all three Utilities, as recommended by Bond Counsel on an annual basis. The Ten-Year Electric, Water, and Communications Financial Projections indicate substantial capital expenditures which may require various borrowing needs in 2019 and beyond; the borrowings may be a combination of tax-

exempt and taxable debt, depending on how the proceeds are to be used. The recommended Resolutions presented are similar to what the Board has adopted previously on an annual basis and are established to comply with the requirements of Treasury Regulations 1.150-2 (proceeds of bonds used for reimbursement). The Resolutions state that the Board reasonably expects to reimburse itself for capital expenditures that were paid out in the past 60 days or those to be incurred in the next year. The reimbursement will be made from the proceeds of future debt obligations. Reimbursement must be completed within 18 months of (a) the original expenditure; or (b) the date the project is in service, but in no event more than 3 years after the original expenditure is paid. The Reimbursement Resolutions do not obligate the Board to undertake a borrowing or to include all qualifying capital projects in a given debt issuance, but it does give the Board the ability to include those projects if they otherwise qualify and the economics warrant. After discussion and review, the following resolutions were submitted:

RESOLUTION 19-02

DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS FOR THE ELECTRIC UTILITY

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Electric Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$35,437,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

- Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.
- Section 4. This declaration shall take effect from and after its adoption.

Trustee Eversmeyer moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 29th day of January 2019. On roll call Trustees Fields, McGinnis, Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Resolution carried.

RESOLUTION 19-03

**DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING
BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS
TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS FOR THE WATER UTILITY**

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Water Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$5,728,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

- Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.
- Section 4. This declaration shall take effect from and after its adoption.

Trustee McGinnis moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 29th day of January 2019. On roll call Trustees Fields, McGinnis, Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Resolution carried.

RESOLUTION 19-04

**DECLARATION OF OFFICIAL INTENT OF THE CITY OF MUSCATINE, IOWA, ACTING
BY AND THROUGH ITS BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS**

TRUSTEES OF THE CITY OF MUSCATINE, IOWA TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS FOR THE COMMUNICATIONS UTILITY

WHEREAS, the City of Muscatine, Iowa, (the "Issuer") acting by and through its Board of Water, Electric, and Communications Trustees (the "Board") intends to acquire land, construct, improve, furnish, and equip extensions, improvements, and other capital projects related to the MP&W Communications Utility (collectively the "Projects"); and

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Projects prior to the issuance of indebtedness for the purpose of financing costs associated with the Projects on a long-term basis; and

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$9,421,000 will be issued with respect to financing of the Projects and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer desires to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Projects;

NOW THEREFORE, it is hereby resolved by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, as follows:

- Section 1. The Issuer finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for the purpose of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issue to make any expenditure, incur any indebtedness, or proceed with the Projects.
- Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursements Expenditures with respect to the Projects.
- Section 4. This declaration shall take effect from and after its adoption.

Trustee Eversmeyer moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 29th day of January 2019. On roll call Trustees Fields, McGinnis, Bradford, Eversmeyer, and Porter voted aye. Voting nay, none. Resolution carried.

Mr. LoBianco presented the items on his previously submitted General Manager's Report. He shared the IAMU Connections Member Spotlight article that featured MP&W, updated the Board on the sale of an additional 20 railcars thus putting the Utility at the desired fleet size and invited them to the ribbon Cutting for the reinforced Network Operations Center to be held on February 12, 2019. He also reminded the Board of the tour of the Network Operations Center after the current Board meeting.

The December Financial Operating Statements and Balance Sheets and the Quarterly Investment Report were presented as previously submitted to all Board members. Chairperson Porter stated that 2018 Year-End Financials would be covered in the Key Performance Indicators presentation. Trustee Fields moved, seconded by Trustee McGinnis, to receive and place on file the December Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities, along with the Quarterly Investment Report. All Trustees 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.

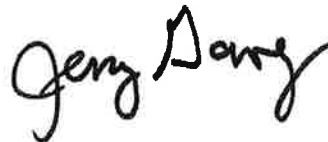
Mr. LoBianco reviewed the Quarterly Project Status Report and Variance Analysis that was previously submitted to all Board members. Trustee Eversmeyer, moved, seconded by Trustee Fields, to receive and place on file the Quarterly Project Status Report and Variance Analysis. All Trustees voted aye. Motion carried.

The Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities were previously submitted to all Board members. Mr. LoBianco informed the Board that a condensed version of the presentation would be reviewed at the meeting, but encouraged the Board to ask any questions that they had from the full version provided to them. He then asked each Critical Issue leader to review the status of their Critical Issue and stated that Mr. Gowey would review the Key Performance Indicators sections. After review and discussion, Trustee Fields moved, seconded by Trustee Eversmeyer, to receive and place on file the 2018 Year End Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. Motion carried. All Trustees voted aye.

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

The meeting was adjourned at 6:25 p.m.

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

A handwritten signature in black ink that reads "Jerry Gowey". The signature is written in a cursive, flowing style.

Jerry Gowey
Board Secretary