

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JANUARY 28, 2020 – 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 28, 2020, at 5:30 p.m.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Susan Eversmeyer, Steven Bradford, Kevin Fields, Keith Porter and Tracy McGinnis.

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Doug White and Brad Spratt of Muscatine Power and Water. Franz Silberger and Tim Stelzner were in attendance as guests.

Chairperson McGinnis asked if anyone in attendance wished to make any public comments. There were no public comments.

The minutes of the December 19, 2019, regular meeting and the December 18, 2019, Audit/Finance Committee meeting were presented to receive and place on file. Trustee Porter moved, seconded by Trustee Fields, that the December 19, 2019 regular meeting minutes and the December 18, 2019 Audit/Finance Committee Meeting minutes be received and placed on file. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for December 2019 was presented as previously submitted to all Board members. After review and discussion of the expenditures, Trustee Bradford moved, seconded by Trustee Eversmeyer, to ratify payment of \$11,516,084.26 for the Electric Utility, \$1,251,313.71 for the Water Utility, and \$2,625,292.12 for the Communications Utility for a cumulative total of \$15,392,690.09. All Trustees voted aye. Motion carried.

The next agenda item was a recommendation to approve a revised Project Summary Form (PSF) for the Mississippi Drive Water Main Replacement Project. Mr. Huston explained that the revised PSF included unexpected costs incurred during the project so far and additional work needed at the intersection of Mulberry & 2nd Street as construction continues. The project was originally approved with the 2017 Operating Budget at a total cost of \$623,000. The project scope needs expanded to include unexpected project issues and replacement of the water main under the new round-about site. Mr. Huston continued that the revised project estimate is \$822,000, which represents an increase of \$199,000 from the previously approved amount. To offset these cost increases, another water main replacement that was budgeted for 2020 will be delayed until the future. After additional discussion, Trustee Eversmeyer moved, seconded by Trustee Fields, to approve the revised PSF for the Mississippi Drive Water Main Replacement Project. All Trustees voted aye. Motion carried.

Mr. Huston introduced the next agenda item, a Recommendation to Set Dates for the Receipt of Bids/Conduct a Public Hearing for the Unit 9 Electro-Static Precipitator (ESP) Roof Replacement Project. He stated the Unit 9 ESP Roof Replacement was approved with the 2020 Operating Budget for a total expenditure of \$180,000. The Unit 9 ESP Roof Replacement has a scope of work estimate of \$172,000 and covers the labor, materials, tools, equipment, and supervision necessary to repair and replace the Unit 9 ESP Roof. After discussion, the following resolution was submitted:

RESOLUTION 20-01

WHEREAS, plans and specifications have been prepared for Unit 9 ESP Roof Replacement 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, Unit 9 ESP Roof Replacement Project is tentatively approved; and,

BE IT RESOLVED, that the date of March 3, 2020 at 3:00 p.m., is hereby set for receipt of bids on the Unit 9 ESP Roof Replacement 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 31, 2020 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 Bradford moved, seconded by Trustee Fields, that the said resolution should be passed, approved, and adopted this 28th day of January 2020. On roll call Trustees Eversmeyer, Porter, Bradford, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

Mr. Huston 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 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 Ten-Year Electric, Water, and Communications Financial Projections indicate substantial capital expenditures which may require various borrowing needs in 2020 and beyond; the borrowings may be a combination of tax-exempt and taxable debt, depending on how the proceeds are to be used. The Resolutions state the Board reasonably expects to reimburse itself for capital expenditures 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 and 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 20-02

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 \$38,517,000 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 Issuer 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 Reimbursement 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 28th day of January 2020. On roll call Trustees Eversmeyer, Porter, Bradford, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 20-03

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 \$5,708,000 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 Issuer 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 Bradford moved, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 28th day of January 2020. On roll call Trustees Eversmeyer, Porter, Bradford, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 20-04

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 \$8,502,000 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 Issuer 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 Porter moved, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted this 28th day of January 2020. On roll call Trustees Eversmeyer, Porter, Bradford, Fields, and McGinnis voted aye. Voting nay, none. Resolution carried.

Mr. Huston presented the items on his previously submitted General Manager's Report. He shared that with the combination of Corporate IT and Communications ISP operations under the same Manager, an opportunity was identified to determine if and how we could start to leverage common infrastructure and equipment to deliver services to internal and external customers, while maintaining a high level of separation and security between the two environments at a lower overall cost. Mr. Huston provided details on several changes made and how they provided increased performance. Mr. Huston also reminded the Board that MP&W has secured a contract with Marquee Sports Network, the new regional sports network and exclusive television 'home' for the Chicago Cubs. He continued, that while details are still being finalized, the new network will be inserted in the MachLink TV lineup near other national and regional sports networks in late-February.

The December Financial Operating Statements and Balance Sheets and the Quarterly Investment Report were presented as previously submitted to all Board members. Before reviewing the financials, Mr. Spratt explained the change shown in the financials from the 2019 depreciation adjustment completed at the end of 2019. Trustee Fields moved, seconded by Trustee Bradford, 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. Huston reviewed the Quarterly Project Status Report and Variance Analysis that was previously submitted to all Board members. Trustee Porter, moved, seconded by Trustee Eversmeyer, 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 Electric, Water, and Communications Utilities were previously submitted to all Board members. During the Cyber Security section of the presentation, Trustee Bradford, suggested that MP&W consider some customer training on email threats. After additional review and discussion, Trustee Eversmeyer moved, seconded by Trustee Porter, to receive and place on file the 2019 Year End Critical Issues and Key Performance Indicators for the Electric, Water, 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 Fields moved, seconded by Trustee Porter, to receive and place on file the December Departmental Reports. All Trustees voted aye. Motion carried.

The meeting was adjourned at 7:05 p.m.

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



Brenda Christensen
Board Secretary