

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

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Steven Bradford, Susan Eversmeyer, 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, Jerry Gowey, Brandy Olson, Ryan Streck, Doug White, and Mike Haskins of Muscatine Power and Water (MP&W).

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

Mr. Huston stated at the June 20, 2019 City Council meeting, the Council re-appointed Steven Bradford to the MP&W Board of Trustees for a six-year term beginning July 1, 2019 through June 30, 2025. Trustee Porter moved, seconded by Trustee Eversmeyer, to receive and place on file the Certificate of Appointment for Steven Bradford to the Board of Trustees for a period of July 1, 2019, through June 30, 2025. All Trustees voted aye. Motion carried.

The June 25, 2019, public hearing and regular meeting minutes were presented as previously submitted to all Board members in written form. Trustee Fields moved, seconded by Trustee Eversmeyer, that the minutes from the June 25, 2019, public hearing and regular meeting be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for June 2019 was presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee Porter, to ratify payment of \$9,320,830.86 for the Electric Utility, \$571,900.35 for the Water Utility, and \$1,609,890.23 for the Communications Utility, for a cumulative total of \$11,502,621.44. All Trustees voted aye. Motion carried.

Mr. Huston introduced the next agenda item to the Board as a recommendation to accept as complete the contract for the Unit 9 Turbine Roof Replacement Project. Mr. Huston told the Board this project was approved with the 2018 Operating Budget for a total expenditure of \$300,000 and revised to \$200,000 with the 2019 Operating Budget. This project covered all labor, materials, tools, equipment, and supervision necessary to remove, properly dispose of, and restore an approximate 12,000 square foot area of the existing roof system and five roof drains. At the May 2018 Board Meeting, a contract was awarded to Advance Builders Corp. for the Unit 9 Turbine Roof Replacement Project, but due to the turbine outage in the Fall of 2018 the project was delayed until the Spring of 2019. Management recommended that the

Board accept as complete the contract with Advance Builders Corp. for the Unit 9 Turbine Roof Replacement Project. After discussion and review, the following resolution was submitted:

RESOLUTION 19-19

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with Advance Builders Corp. for the Unit 9 Turbine Roof Replacement Project in the final amount of \$159,900.00 has been substantially completed in accordance with the project specifications and the recommendation has been made that said contract be accepted by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the Unit 9 Turbine Roof Replacement Project, furnished under the above-named contract be accepted and approved by the Board; and,

BE IT FURTHER RESOLVED, that five percent (5%) of the contract price be retained for a period of thirty-one (31) days from and after the date of resolution, all in accordance with the provisions of the Code of Iowa.

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

Mr. Huston introduced the next agenda item, a Recommendation to Set Dates for the Receipt of Bids/Conduct a Public Hearing for the 69kV Duct Bank and Conduit Installation on HNI Property Contract as part of Mississippi Drive Corridor Underground Phase 1 Project. He stated the Mississippi Drive Corridor Underground Phase 1 Project was approved with the 2017 Operating Budget for a total expenditure of \$5,920,100. The 69kV Duct Bank and Conduit Installation on HNI Property Contract has a scope of work estimate of \$336,000 and covers the labor, materials, tools, equipment, and supervision necessary for the construction of a 69kV Duct Bank through HNI property from near the intersection of 2nd St. and Oak St to near the intersection of 4th St and Poplar St. After discussion, the following resolution was submitted:

RESOLUTION 19-20

WHEREAS, plans and specifications have been prepared for 69kV Duct Bank and Conduit Installation on HNI Property Contract; 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, 69kV Duct Bank and Conduit Installation on HNI Property Contract is tentatively approved; and,

BE IT RESOLVED, that the date of August 29, 2019, at 3:30 p.m., is hereby set for receipt of bids on the 69kV Duct Bank and Conduit Installation on HNI Property

Contract 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 September 24, 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 Fields moved, seconded by Trustee Bradford, that said resolution be passed, approved, and adopted this 30th day of July 2019. On roll call, Trustees Porter, Eversmeyer, Bradford, Fields, and McGinnis, voted aye. Voting nay, none. Resolution carried.

Mr. Huston stated that as a Transmission Owner (TO) in Mid-Continent Independent System Operator (MISO), MP&W must establish tariff rates for use of its transmission system by other market participants. The process for establishing these rates is through the use of MISO's formula rate protocols. The key component in establishing the formula rates is through the use of MISO's Attachment O template. The Attachment O utilizes financial information from MP&W's audited financial statements to calculate the appropriate formula rates. MP&W must update the Attachment O each year, utilizing the most recent financial data, and submit to MISO by the first of June. A step required by the Federal Energy Regulatory Commission (FERC) in this process is that each TO must hold an annual public meeting regarding its transmission rate updates and submit an informational filing with FERC regarding its updated transmission rates. Management recommends that the Board set a public hearing prior to its next regular Board Meeting on August 27, 2019, to receive any public comments regarding its annual transmission rate update (Attachment O). This public hearing will meet the requirement in MISO's revised formula rate protocols related to holding an annual public meeting. After additional discussion, the following resolution was submitted:

RESOLUTION 19-21

WHEREAS, it is recommended that a public hearing be established for the review of MP&W's annual Transmission Rate Update (Attachment O) to receive any public comments before submittal of this form to FERC; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that a public hearing be held on the 27th day of August 2019, at 5:28 p.m. in the Board Room of Muscatine Power and Water's Administration/Operations Building located at 3205 Cedar Street, Muscatine, Iowa, and the notice of said hearing shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the

City of Muscatine, Iowa, not less than four (4) nor more than twenty (20) days prior to said hearing, all as required by the Code of Iowa.

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

The next agenda item was a recommendation for Baker Tilly Virchow Krause, LLP (BT) to continue to be retained as the auditors for the MP&W Audits for a three-year period. Mr. Huston explained that an RFP had been issued and that BT's proposal and costs were in line with what they have provided in the past. Trustee Eversmeyer stated that BT's performance was also discussed at the Audit/Finance Committee meeting that had preceded the Board meeting and that the Audit/Finance Committee recommends the reengagement of BT for the 2019-2021 audits. Mr. Huston reminded the Board that the Auditor engagement is subject to review and annual approval by the Board Audit/Finance Committee and the full Board each May. Trustee Porter moved, seconded by Trustee Fields, that Baker Tilly Virchow Krause LLP be retained as the Auditors for the 2019-2021 Annual Audits. Motion carried. All Trustees voted aye.

Mr. Huston introduced the next agenda item, a Recommendation to Temporarily Set the Energy Adjustment Clause (EAC) to Zero, Effective August 1, 2019. He explained that Staff is taking proactive measures since the year-end cash balance for the Electric Utility is projected to be well above the targeted minimum cash balance. Mr. Huston gave a brief history of the EAC and explained the reasons that the cash balance is running above forecast. He continued that the topic had been discussed at the Audit/Finance Committee Meeting and that they were in concurrence with the change; he also stated that this would be a topic at each quarterly Audit/Finance Meeting and if it was determined that changes needed to be made they would be brought to a future Board meeting for approval. Trustee Fields moved, seconded by Trustee Porter, that Energy Adjustment Clause (EAC) be set to Zero, Effective August 1, 2019. Motion carried. All Trustees voted aye

Mr. Huston summarized the following appointments that are recommended for the 2019/2020 Board Committees:

Audit and Finance – Susan Eversmeyer and Steven Bradford (Committee Chair)

Planning and Operations – Keith Porter and Kevin Fields (Committee Chair)

Personnel & Public Relations – Keith Porter and Susan Eversmeyer (Committee Chair)

Trustee Eversmeyer moved, seconded by Trustee Porter, to receive and place on file the 2019/2020 Board Committee appointments. All Trustees present voted aye. Motion carried.

Mr. Huston advised that the next meeting agenda item pertained to the Board Policy Manual and that the revised manual had been provided to the Board. He stated that the manual had been reviewed and updated by staff and submitted in a "redline/track change mode" for the Board's review and comment. Mr. Huston reviewed the changes to the document; no action was being requested at this time regarding the Board Policy Manual. Approval will be requested at the August 27, 2019, Board meeting.

In the General Manager's Report, Mr. Huston updated the Board on the completion of a multi-year LED Lighting Project that began in 2012 to change HPS streetlights to LED streetlights in designated areas of the Muscatine Community.

The YTD and June Financial Statements Financial Summary, Operating Statements and Balance Sheets were presented as previously submitted to all Board members along with the Quarterly Investment Report. Mr. Huston stated that Financials would be covered in the Key Performance Indicators presentation. Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the YTD and June 2019 Financial Statements for the Water, Electric, and Communications Utilities and the Quarterly Investment Report. 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 Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members in written form. After discussion, Trustee Eversmeyer moved, seconded by Trustee Fields, to approve the Quarterly Project Status Report and Variance Analysis. All Trustees present voted aye. Motion carried.

The Critical Issues and Key Performance Indicators presentation for the Electric, Water, and Communications Utilities was the next agenda item. After the presentation and discussion in response to questions, Trustee Eversmeyer moved, seconded by Trustee Porter, to receive and place on file the 2019 Second Quarter Critical Issues and Key Performance Indicators for the Electric, Water, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2019 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the June 2019 Departmental Reports. All Trustees present voted aye. Motion carried.

AT 6:50 p.m. Chairperson McGinnis stated that the Board would be going into Closed Session for the purpose of discussing potential litigation regarding the Fiber to the Home Project in accordance Iowa Code Sections 21.5(b). Trustee Eversmeyer moved, seconded by Trustee Bradford, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(b).

The meeting reconvened to open session.

The meeting of the Board of Trustees was adjourned at 8:00 p.m.

BOARD OF WATER, ELECTRIC, AND
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OF MUSCATINE, IOWA



Brenda Christensen
Board Secretary