

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
SEPTEMBER 26, 2017 – 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, September 26, 2017, at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Brenda Christensen, Acting Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Gage Huston, Brandy Olson, and Tim Reed of Muscatine Power and Water (MP&W).

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

The August 29, 2017, public hearing and regular meeting minutes were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Eversmeyer, that the minutes from August 29, 2017, public hearing and regular meeting be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for August 2017 were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee Porter to ratify payment of \$9,399,085.31 for the Electric Utility, \$1,393,906.35 for the Water Utility, and \$2,713,204.78 for the Communications Utility, for a cumulative total of \$13,506,196.44. All Trustees voted aye. Motion carried.

The next agenda item was Recommendation to Set Dates for a Public Hearing for the Communications Utility Revenue Bonds. Mr. LoBianco stated that as previously reported in the 2017 Ten-Year Financial Projections, there is a need to finance the Communications Utility Fiber to the Home (FTTH) Project with an estimated borrowing (plus fees and expenses) not to exceed \$12 million. The total is within the maximum not to exceed amount (\$18,014,000) consistent with the Reimbursement Resolution passed by the Board in January 2017. He continued that in May of this year, a presentation was given to three Muscatine banks, First National Bank, CBI Bank & Trust, and Community Bank & Trust and that MP&W subsequently received a Commitment Letter signed by all three banks committing to \$10 million Bank Qualified Revenue Bonds. Management recommends that the Board set a public hearing prior to its next regular Board Meeting on October 31, 2017, to receive any public comments regarding the issuance of Revenue Bonds. After discussion and review, the following resolution was submitted:

RESOLUTION 17-40

Resolution to fix a date for a public hearing on a proposal to issue communications system utility revenue bonds thereunder in a principal amount not to exceed \$12,000,000.

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, did heretofore establish the Muscatine Communications Utility System (the "Communications Utility") of Muscatine Power and Water ("Muscatine Power and Water") and for which the Communications Utility provides cable communication, television system, telephone and telecommunications systems and services in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Communications Utility are vested in the Board of Trustees of the Water, Electric and Communications (the "Board") of Muscatine Power and Water; and

WHEREAS, Muscatine Power and Water acting with respect to the Communications Utility now proposes to issue indebtedness in a principal amount not to exceed \$12,000,000 pursuant to the provisions of Chapter 384 of the Code of Iowa, 2017, as amended, for the purpose of paying the cost, to that extent, of constructing cable communication, television system, telephone and telecommunications systems improvements and extensions to the municipal Communications Utility, and it is necessary to fix a date of meeting of the Board at which it is proposed to take action to issue revenue bonds, payable from the Net Revenues of the Communications Utility, and to give notice thereof as required by such law;

NOW, THEREFORE, Be It Resolved by the Board of Muscatine Power and Water acting with respect to the Communications Utility, as follows:

- Section 1. This Board shall meet on October 31, 2017, at the Muscatine Power and Water Administration Offices, 3205 Cedar Street, in the City, at 5:28 o'clock p.m., at which time and place a hearing will be held and proceedings will be instituted and action necessary to issue revenue bonds.
- Section 2. The Board Secretary is hereby directed to give notice of the proposed action on the Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty (20) days before the meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

*NOTICE OF PROPOSED ACTION TO INSTITUTE
PROCEEDINGS TO ISSUE MUSCATINE COMMUNICATIONS SYSTEM
UTILITY REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED
\$12,000,000*

The Board of Trustees of Water, Electric and Communications (the "Board") of Muscatine Power and Water ("Muscatine Power and Water") will meet on October 31, 2017, at the Muscatine Power and Water Administration Offices, 3205 Cedar Street, in Muscatine, Iowa, at 5:28 o'clock p.m., for the purpose of paying: (i) the cost, to that extent, of constructing cable communication, television system, telephone and telecommunications systems improvements and extensions to the municipal communications utility (the "Communications Utility"), and (ii) costs if issuance related to the issuance of the revenue bonds of Muscatine Power and Water in a principal amount not to exceed \$12,000,000 (collectively the "Project")

The revenue bonds will not constitute a general obligation of the City, nor will the revenue bonds be payable in any manner by taxation but, together with any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith, will be payable solely and only from the Net Revenues of the Communications Utility of Muscatine Power and Water.

At that time and place, oral or written objections may be filed or made to the proposal to issue the revenue bonds. After receiving objections, the Board may determine to issue the revenue bonds, in which case, the decision will be final unless appealed to the District Court within fifteen (15) days thereafter.

By order of the Board of Muscatine Power and Water acting with respect to the Communications Utility.

*Jerry Gowey
Board Secretary*

- Section 3. Pursuant to Section 1.150-2 of the Income Tax Regulations (the "Regulations") of the Internal Revenue Service, the Board declares (a) that it intends to undertake the Project which is reasonably estimated to cost at least \$12,000,000, (b) that other than (i) expenditures to be paid or reimbursed from sources other than the issuance of bonds, notes or other obligations (the "Bonds"), or (ii) expenditures made not earlier than 60 days prior to the date of this Resolution or a previous intent resolution of the Board, or (iii) expenditures amounting

to the lesser of \$100,000 or 5% of the proceeds of the Bonds, or (iv) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, no expenditures for the Project have heretofore been made by the Board and no expenditures will be made by the Board until after the date of this Resolution or a prior intent resolution of the Board, and (c) that the Board reasonably expects to reimburse the expenditures made for costs of the Board out of the proceeds of the Bonds. This declaration is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 4. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Trustee Bradford moved, seconded by Trustee Porter, that said resolution be passed, approved, and adopted this 26th day of September 2017. On roll call, Trustees McGinnis, Porter, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Resolution carried.

The next item on the agenda was a Recommendation to Accept Contract Change Order No. 1 and Final Acceptance for the Lee St Water Main Replacement Project and Howard, Jackson, Smith Water Main Replacements Project. Mr. LoBianco reminded the Board that at the March 30, 2017, Board meeting, a contract was awarded to McClintock Trucking & Excavating of Colona, Illinois for the Howard, Jackson, Smith, & Lee Water Main Replacement Projects for a total price of \$284,860. He continued that work covered by this contract is complete and has been reviewed by management and found to be in accordance with the specifications. Mr. LoBianco continued the contract change order 1, in the amount of \$45,416.23, puts the project costs above the 10% threshold and requires Board approval; he explained that \$31,000 of the contract change order amount was unexpectedly incurred because the City changed asphalt overlay priorities and the city did not complete Jackson and Lee Streets at the same time as the Utility project. The final Contract Price of \$331,276.23 will complete the project 23.5% over the total approved project budget. He continued that Management recommends that the Board approve Contract Change Order No. 1. and accept as complete the contract with McClintock Trucking & Excavating for the Howard, Jackson, Smith, & Lee Water Main Replacement Projects. The following resolution was submitted:

RESOLUTION 17-41

WHEREAS, Contract Change Order No. 1 has been prepared for the Lee St Water Main Replacement Project and Howard, Jackson, Smith Water Main Replacements Project in the increased total net amount of \$331,276.23 and said Contract Change

Order was reviewed by the Board, and Muscatine Power and Water Management has recommended approval of said Contract Change Orders; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order No. 1 in the increased amount of \$46,416.23 be approved for an amended contract price of \$331,276.23 for the Lee St Water Main Replacement Project and Howard, Jackson, Smith Water Main Replacements Project.

Trustee Bradford moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 26th day of September 2017. On roll call, Trustees Eversmeyer, Bradford, Porter, McGinnis, and Tubandt, voted aye. Voting nay, none. Resolution carried.

RESOLUTION 17-42

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with McClintock Trucking & Excavating of Colona, IL for Lee St Water Main Replacement Project and Howard, Jackson, Smith Water Main Replacements Project in the final amount of \$331,276.23 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 Lee St Water Main Replacement Project and Howard, Jackson, Smith Water Main Replacements 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 Eversmeyer moved, seconded by Trustee Porter, that said resolution be passed, approved, and adopted this 26th day of September 2017. On roll call, Trustees Eversmeyer, Bradford, Porter, McGinnis, and Tubandt, voted aye. Voting nay, none. Resolution carried.

Mr. LoBianco stated that the next agenda item was a Recommendation to Award Contract for FTTH Premise Installation for MDUs and Large Commercial Facilities Project. He reminded the Board that this portion of the FTTH Project covers the installation of equipment and cabling at multiple dwelling units (MDU's) and larger commercial facilities to allow for conversion to MP&W's FTTH System and that the estimated total expenditure for the work is \$879,709. He continued that specifications pertaining to the FTTH Premise Installation for MDUs and Large Commercial Facilities Project were mailed to 34 potential bidders. A total of 2 bids were received, opened publicly, and read aloud on August 3, 2017, No bidders attended the opening. Management reviewed the bids and established conformance to the specifications with the evaluated low bidder of MP Nexlevel, LLC of

Maple Lake, MN. but were concerned with the magnitude of the variance between estimated cost and bid so the award of this project was postponed from the August 29, 2017, Board meeting to the September 26, 2017, Board meeting; during this time, Management and Staff met with representatives of MP Nexlevel to clarify work and negotiate better pricing. Through a better understanding of each unit requirement, MP Nexlevel lowered some of their unit pricing. Mr. LoBianco stated that it is recommended that award of the contract for the FTTH Premise Installation for MDUs and Large Commercial Facilities Project be made to MP Next Level, LLC of Maple Lake, MN, for a total price of \$960,785.39. The award is based on the extension of estimated units for this work and final contract dollars will be based on installed units at time of completion. After discussion and review, the following resolution was submitted:

RESOLUTION 17-43

WHEREAS, it appears in a FTTH Premise Installation for MDUs and Large Commercial Facilities Project, as submitted by MP Nexlevel, LLC of Maple Lake, MN in the amount of \$960,785.39, was the best and lowest bid received; now therefore,

BE IT RESOLVED by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the proposal from MP Nexlevel, LLC of Maple Lake, MN in the amount of \$960,785.39, for the FTTH Premise Installation for MDUs and Large Commercial Facilities Project was hereby accepted as submitted; and,

BE IT FURTHER RESOLVED, that the General Manager and Secretary of the Board were hereby authorized, empowered, and directed to execute a contract in the sum approved by the Board of Water, Electric, and Communications Trustees.

Trustee Porter moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 26th day of September 2017. On roll call, Trustees Eversmeyer, Porter, Bradford, McGinnis, and Tubandt, voted aye. Voting nay, none. Resolution carried.

There were no items to review in the General Managers Report.

The August Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. After review and discussion, Trustee Bradford moved, seconded by Trustee Eversmeyer, to receive and place on file the August Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. 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 August 2017 Departmental Reports were presented as previously submitted to all Board members in written form. After additional discussion on the Fiber to the Home

Project, Trustee Eversmeyer moved, seconded by Trustee McGinnis to receive and place on file the August 2017 Departmental Reports. All Trustees voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 6:00 p.m.

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



Brenda Christensen
Acting Board Secretary