

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
FEBRUARY 25, 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, February 25, 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, and Tracy McGinnis. Trustee Keith Porter was not in attendance due to previously scheduled travel plans.

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, Ryan Streck and Brad Spratt of Muscatine Power and Water. Eric Howard and David Fee of Principal Financial Group; Jeremy Williams of AEG; Franz Silberger was in attendance as a guest.

Chairperson McGinnis asked if there was anyone in attendance who wished to make any public comments. Ms. Cox introduced Jeremy Williams from AEG and gave a brief update on the ways MP&W and AEG were using to stay connected throughout the Winter months to make sure the project was ready to go with Spring construction season. Mr. Huston added Mr. Williams was a very good fit for the project and was looking forward to the project being completed this year. Mr. Williams left the meeting at 5:35 p.m.

The minutes of the January 28, 2020, regular meeting were presented to receive and place on file. Trustee Fields moved, seconded by Trustee Eversmeyer, that the January 28, 2020, regular meeting minutes be approved as submitted. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for January 2020 was presented to receive and place on file. After a brief review by Mr. Huston, Trustee Eversmeyer moved, seconded by Trustee Fields, to ratify payment of \$8,880,173.45 for the Electric Utility, \$408,625.21 for the Water Utility, and \$1,220,792.16 for the Communications Utility for a cumulative total of \$10,509,590.82. All Trustees present voted aye. Motion carried.

Mr. Huston reminded the Board the Pension Investment Policy requires the Board review the Employee Pension Fund performance once a year. He reminded the Board MP&W completed an administrative/actuarial support services and investment management services review in June 2019. Following the evaluation process, the decision was made to remain with Principal. Mr. Huston continued the Board had also recommended that MP&W (1) work towards a transition from a 60/40 asset allocation mix to a 70/30 mix and (2) modify the Investment Policy to allow for investments in private equity, private debt, and hedge funds. These recommendations have either been adopted or will be implemented once market conditions are appropriate. He next introduced Eric Howard and David Fee from Principal Financial Group to provide the yearend 2019 Pension Plan and Investment Report. Mr. Fee provided a general

update of the current market trends and market expectations for 2020, including possible effects of the Coronavirus on the market. He then discussed MP&W's portfolio and strategic asset allocations and investment earnings results. Mr. Fee finished his presentation with a review of the MP&W portfolio performance and the current asset manager watch list. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the 2019 Employees' Pension Plan and Investment Advisory Report. All Trustees present voted aye. Motion carried. The Principal Financial Group representatives left the meeting at 5:55 p.m.

Mr. Huston introduced the next agenda item, a Recommendation to Set Dates for the Receipt of Bids/Conduct a Public Hearing for the Mississippi Drive Corridor Underground – Cable Pull Contract. He stated this contract was approved with the 2017 Operating Budget and revised for the 2019 Operating Budget for a total expenditure of \$5,920,100. The Mississippi Drive Corridor Underground – Cable Pull Contract has a scope of work estimate of \$743,000 and covers all labor, materials, tools, equipment, and supervision necessary for installation of cable and appurtenances with all cabling for the project provided by the Utility. After discussion, the following resolution was submitted:

RESOLUTION 20-06

WHEREAS, plans and specifications have been prepared for Mississippi Drive Corridor Underground – Cable Pull 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, Mississippi Drive Corridor Underground – Cable Pull Contract is tentatively approved; and,

BE IT RESOLVED, that the date of April 9, 2020, at 3:00 p.m., is hereby set for receipt of bids on the Mississippi Drive Corridor Underground – Cable Pull 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 April 28, 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 Eversmeyer motioned, seconded by Trustee Bradford, that the said resolution should be passed, approved, and adopted this 25th day of February 2020. On roll call Trustees Bradford, Fields, Eversmeyer, and McGinnis voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

The next item on the agenda was to award the contract for the Water Tower Refurbishment Project. The project contract will cover furnishing of all labor, materials, tools, equipment, and supervision necessary for abrasive blasting and recoating of the exterior and interior of tank; replacing the wet interior ladder, roof vent, and overflow screen; and modify the overflow pipe at Muscatine Power and Water's Bidwell Water Tower location in Muscatine. Mr. Huston stated this project was approved with the 2020 Budget for a total expenditure of \$561,000. A total of seven bids were received, opened publicly, and read aloud on February 4, 2020, at 3:00 p.m. Management reviewed and evaluated the bids and recommend award of contract be made to the lowest bidder, J.R. Stelzer Co., of Lincoln, NE, for a total price of \$444,250. After some discussion about the Project Summary Form, the following resolution was submitted:

RESOLUTION 20-07

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the bid for the Water Tower Refurbishment Project, as submitted by J.R. Stelzer Co., of Lincoln, NE, for a total price of \$444,250, 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 J.R. Stelzer Co. of Lincoln, NE for a total price of \$444,250, for the Water Tower Refurbishment 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 Fields motioned, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 25th day of February 2020. On roll call Trustees Bradford, Fields, Eversmeyer, and McGinnis voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

Next, Mr. Huston advised a 7% revenue adjustment was budgeted in the 2020 Communications Utility Operating Budget, which was approved at the November 2019 Board meeting. Due to three major contract negotiations that had not been completed (Fox Sports/News, Big Ten, and the new Marquee Sports Network) at budget approval time, programming costs are coming in higher than budgeted. Staff is recommending an overall adjustment of just under 9% for our TV services; while this revenue adjustment maintains operating margin dollars on video at 2019 levels, these dollars are necessary to cover video operating costs and maintain financial stability of the Communications Utility. Mr. Huston reminded the Board the Utility is faced with rising and sometimes unreasonable programming costs that the Utility has no choice but to accept or drop channels, potentially causing the loss of more customers. Mr. Huston continued no price adjustments are being recommended for MachLink® Internet or VoIP/phone services. The last pricing adjustment for legacy Internet services was in 2012, and customers were "Next Levelled" in speeds with no rate increase in April 2016. MachLink Fiber Internet rates were established in 2017 and phone rates were established in 2019. Approval is also being recommended for the General Manager to continue to be responsible for approving tier pricing, premium services,

equipment fees, promotional packages, and discounts to assure the financial viability of the Communications Utility. After discussion, the following resolution was submitted:

RESOLUTION 20-08

WHEREAS, review of the financial conditions of the Communications Utility has been completed and reviewed with the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed this information and determined that a revenue increase is necessary to keep the Communications Utility in a sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that effective April 1, 2020, the price for MP&W Digital TV Basic service shall be \$21.99 per month and Select service shall be \$80.99 per month; and

BE IT FURTHER RESOLVED, that the Broadcast Surcharge shall be \$16.70; and

BE IT FURTHER RESOLVED, that the Regional Sports Charge shall be \$4.40; and

BE IT FURTHER RESOLVED, that the General Manager of Muscatine Power and Water shall continue to be responsible for approving price tiers, premium services, equipment fees, promotional packages, and discounts for all Muscatine Power and Water's Communications services as deemed necessary to ensure the financial viability of the Communications Utility; and

BE IT FURTHER RESOLVED, that proper notice be given to consumers in accordance with the terms of the contracts, Federal Communications Commission (FCC) and Iowa State Code.

Trustee Fields motioned, seconded by Trustee Eversmeyer, that the said resolution should be passed, approved, and adopted this 25th day of February 2020. On roll call Trustees Bradford, Fields, Eversmeyer, and McGinnis voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

The next item on the agenda was the General Manager Report. Mr. Huston explained some channel lineup changes due to the addition of the new Marquee Sports Network (i.e. Cubs Network) and several additional OnDemand channels for Fiber customers. He also discussed how squirrels can impact not just electrical lines, but also fiber installations and protection measures for fiber lines are being explored. The final topic Mr. Huston discussed was the water tower wrap contest currently going on and Ms. Cox provided an update on how closely the IA Finance Authority was working with MP&W on the water tower design.

The January Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Spratt reviewed the January financials for each Utility and provided explanation of the Communications Utility forecasted 2020 cashflow expectations vs. the 2020 Budget. Mr. Huston explained the new cashflow forecast is below the level expected and Staff will be reviewing options and implementing some Communications

Utility debt restructuring. He also discussed changes put in place so that a situation like this does not happen again. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the January 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 in written format. There were no items for approval. The report was received and placed on file.

The January departmental reports were presented as previously submitted to all Board members in written form. After additional discussion about progress on the FTTH Project, Trustee Fields moved, seconded by Trustee Bradford, to receive and place on file the January departmental reports. All Trustees present voted aye. Motion carried.

Chairperson McGinnis recommended the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1)(i) to review the performance evaluations completed by the General Manager for the Directors and the performance evaluation completed by the Board of Trustees for the General Manager. Trustee Eversmeyer moved, seconded by Trustee Bradford, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5(1)(i) as requested in writing by the General Manager and Directors for the purpose of reviewing management performance. On roll call vote, Trustees Bradford, Fields, Eversmeyer, and McGinnis voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

The meeting was closed to the public at 6:45 p.m. All attendees left the meeting except for the General Manager and the Trustees.

At 7:30 p.m. Mr. Huston left the closed session.

Trustee Eversmeyer moved, seconded by Trustee Fields, to reconvene the meeting to open session. At 7:45 p.m. the meeting was reconvened to open session.

Trustee Bradford moved, seconded by Trustee Eversmeyer, to ratify salary adjustments effective April 1, 2020, as recommended by the General Manager for the Directors and to adjust the salary of the General Manager in accordance with his performance and the Salary Administration Program. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 7:47 p.m.

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



Brenda Christensen
Board Secretary