

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JUNE 27, 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, June 27, 2017, at 5:30 p.m.

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

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

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

The minutes of the May 30, 2017, public hearing and regular meeting were presented as previously submitted to all Board members. Trustee Bradford moved, seconded by Trustee Tubandt, that the minutes from the May 30, 2017, public hearing and regular meeting be approved with correction suggested. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for May 2017 was presented as previously submitted to all Board members. Trustee McGinnis moved, seconded by Trustee Bradford, to ratify payment of \$8,661,058.99 for the Electric Utility, \$653,326.40 for the Water Utility, and \$1,079,526.46 for the Communications Utility, for a cumulative total of \$10,393,911.85. 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 conduct a public hearing for the FTTH Premise Installations for MDUs and Large Commercial Facilities Project. Mr. LoBianco reviewed the previously submitted memorandum to all Board members explaining that the overall FTTH Project was approved with the 2015 Operating Budget, for a total expenditure of \$8,700,000 to replace the current Communications Utility Hybrid Fiber Coax (HFC) System. The project scope and budget was subsequently revised to \$15,896,000 and a revised project summary form covering these changes was included and approved with the 2017 Communications Utility Operating Budget. This portion of the work 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. Some materials will be provided by MP&W, with the remaining materials supplied by the contractor. The estimated total expenditure for the above work is \$879,709. After discussion, the following resolution was submitted:

RESOLUTION 17-29

WHEREAS, plans and specifications have been prepared for the Fiber to the Home (FTTH) Premise Installations for MDUs and Large Commercial Facilities Project, as a part of the Design and Construction of a FTTH System Project,

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, the FTTH Premise Installations for MDUs and Large Commercial Facilities Project are tentatively approved; and,

BE IT RESOLVED, that the date of August 3, 2017, at 3:00 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 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 August 29, 2017 at 5:26 p.m., and notice to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing as required by the Code of Iowa.

Trustee Tubandt moved, seconded by Trustee Porter, that said resolution should be passed, approved, and adopted on this 27th day of June 2017. On roll call Trustees McGinnis, Bradford, Porter, Tubandt, and Eversmeyer voted aye. Voting nay, none. Resolution carried.

The next item on the agenda was a recommendation Motion to authorize the General Manager to enter into an Agreement with ImOn Communications, LLC of Cedar Rapids, IA for Competitive Local Exchange Carrier Switching Services and Operational Support. Mr. LoBianco explained that Management has nearly completed the negotiations for an Agreement for Competitive Local Exchange Carrier Switching (CLEC) Services and Operational Support with ImOn Communications. Completion of this Agreement will allow the MP&W Communications Utility to offer telephone services to residential and business customers over the new Fiber to The Home (FTTH) system; ImOn will provide transport and access to their equipment in Cedar Rapids, connection to E911, back office support, and phone number set up and porting. Financial arrangements have tentatively been agreed upon by both parties, the final details of the five-year agreement are still being finalized. The details of the proposed Agreement have been reviewed with the Director of Legal and Regulatory Affairs, who will also review the final Agreement before Mr. LoBianco signs. After discussion, Trustee Bradford moved, seconded by Trustee Porter, to authorize the General Manager to enter into an agreement for services and support with ImOn Communications. All Trustees voted aye. Motion carried.

Mr. LoBianco said that the next agenda item was a recommendation to Approve Adjustments to Electric Utility Residential and Commercial Electric Rate Schedules Effective August 1, 2017. Recommendations are based on the results of the Electric Utility Cost-of-Service and Rate Design Study completed by Dave Berg Consulting (DBC) and reviewed at the March 2017 Board meeting, Mr. LoBianco reviewed the adjustments to the Residential, Commercial I and Commercial II Electric Utility Rates Schedules and explained that these adjustments were not included in the March adjustments so that there could be time for further review. He also discussed that two additional rate classes have been added to address Net Metering facilities charges. After additional discussion, the following resolution was introduced:

RESOLUTION 17-30

WHEREAS, certain studies have been made of the financial condition of the Electric Utility and presented to the Board of Water, Electric, and Communications Trustees for its consideration; and,

WHEREAS, the Board has reviewed these studies and determined that revenue adjustments are necessary to keep the Electric Utility in sound financial condition; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the Electric Rate Classes below will be adjusted as follows on August 1, 2017 & August 1, 2018:

- Residential Rate Class, Electric Heat Discount - increase the threshold for the discount from 700 kWh per month to 770 kWh per month
- Commercial I and Commercial II Rates Classes, Monthly Peak Demand Level - reduce the demand threshold from less than 75 kW to less than 50 kW for the Commercial I Electric Rate Class and reduce peak demand from 75 kW to 50 kW for the Commercial II Electric Rate Class
- Establish New Electric Rate Customer Classes: Residential - Net Metered and Commercial I - Net Metered with facilities charges of \$27.59 and \$55.35 respectively and \$28.14 and \$56.46 respectively on August 1, 2018

and,

BE IT FURTHER RESOLVED, that said increases be effected by adoption of the rate classes and rates proposed by Dave Berg Consulting (DBC) Cost of Service/Rate Design Study dated March 2017 and as adjusted above.

Trustee McGinnis moved, seconded by Trustee Bradford, that said resolution should be passed, approved, and adopted on this 27th day of June 2017. On roll call Trustees McGinnis, Bradford, Porter, Tubandt, and Eversmeyer voted aye. Voting nay, none. Resolution carried.

Chairperson Eversmeyer, Committee Chair for the Audit/Finance Committee, introduced the next memo to the Board; the memo was a recommendation for Baker Tilly Virchow Krause, LLP (BT) to continue to be retained as the auditors for the MP&W 2017 Audit. She explained that

the Audit Finance Committee had discussed BT performance and fees and the Committee was recommending the continued engagement. Trustee Tubandt moved, seconded by Trustee Bradford, that Baker Tilly Virchow Krause LLP be retained as the Auditors for the 2017 Audit. Motion carried. All Trustees voted aye.

Mr. LoBianco stated that the Board of Trustees usually elects new officers at the June meeting for the following year. It was recommended that Trustee Tubandt be elected Chairperson and Trustee Porter be elected Vice-Chairperson for the 2017/2018 term, beginning July 1, 2017. As part of the process of electing new Board officers, the Board Secretary is also appointed; it was recommended Mr. Gowey continue as Board Secretary. Mr. LoBianco thanked Trustee Eversmeyer for her service as Chairperson. Trustee McGinnis moved, seconded by Trustee Bradford, that Trustee Tubandt be elected Chairperson, Trustee Porter be elected Vice-Chairperson, and that Secretary Gowey continue as Board Secretary for the 2017/2018 term. All Trustees voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco provided an update on the Water Revenue Bond Issue process and sale information to date. He also reviewed a rail car asset sale, a Water Fluoridation Award that MP&W had received from the American Dental Association and the Centers for Disease Control and Prevention, and a 2017 State Legislative Summary of items that affected MP&W, that was prepared by Brandy Olson.

The May 2017 Financial Summary, Operating Statements and Balance Sheets were presented as previously submitted to all Board members. After review and discussion, Trustee Porter moved, seconded by Trustee Tubandt, to receive and place on file the May 2017 Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. 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.

The May 2017 Departmental Reports were presented as previously submitted to all Board members. Trustee Tubandt moved, seconded by Trustee Porter, to receive and place on file the May 2017 Departmental Reports. All Trustees voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 6:30 p.m.

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



Jerry Gowey
Board Secretary