

**OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
JULY 25, 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, July 25, 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, Tracy McGinnis, Susan Eversmeyer, and Doyle Tubandt; Trustee Keith Porter was absent due to previously scheduled commitments.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Tim Reed, Gage Huston, and Brenda Christensen 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 June 27, 2017, regular meeting minutes and the June 27, 2017, Audit/Finance Committee Meeting minutes were presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Bradford, that the minutes from the June 27, 2017, regular meeting be approved as submitted and that the meeting minutes of the June 27, 2017, Audit/Finance Committee Meeting be received and placed on file. All Trustees present voted aye. Motion carried.

The list of expenditures and transactions for June 2017 was presented as previously submitted to all Board members in written form. Trustee McGinnis moved, seconded by Trustee Bradford, to ratify payment of \$9,732,920.01 for the Electric Utility, \$6,785,283.42 for the Water Utility, and \$1,824,728.64 for the Communications Utility, for a cumulative total of \$18,342,932.07. All Trustees present voted aye. Motion carried.

The next item on the agenda was a Recommendation to Accept Contract Change Order No. 1 and Final Acceptance – Unit 9 Boiler Roof Replacement Project. Mr. LoBianco told the Board that this project was approved with the 2017 Operating Budget for a total expenditure of \$300,000.00 to furnish all labor, equipment and tools, materials, and supervision needed to replace an approximate 12,000 square foot area of the existing roof system and five roof drains with a published estimate of \$247,500.00. At the March 2017 Board meeting, a contract was awarded to T & K Roofing Company Inc. of Ely, Iowa to complete this work at a price of \$215,000.00. Work covered by this contract is complete and has been reviewed by management and found to be in accordance with the specifications. Mr. LoBianco referenced Contract Change Order No. 1 that included some additional supplies and labor at an increase of \$2,400.07 and stated that the change order was within the 10% change threshold and was previously approved by the General Manager. He continued that even with this increase, the overall project is below the published estimate of \$247,500.00. MP&W Management recommends proceeding with final acceptance and release of retainage. After discussion and review, the following resolutions were submitted:

**RESOLUTION 17-31**

WHEREAS, Contract Change Order No. 1 has been prepared for the Unit 9 Boiler Roof Replacement Project with an increase of \$2,400.07 and an increased total net amount of \$217,400.07 for the project; and said Contract Change Order was reviewed by the Board, and Muscatine Power and Water, and Management has recommended ratification of said Contract Change Order; 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 \$2,400.07 be ratified for an amended contract price of \$217,400.07 for the Unit 9 Boiler Roof Replacement Project.

Trustee McGinnis moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 25<sup>th</sup> day of July 2017. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

**RESOLUTION 17-32**

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with T & K Roofing Company Inc. of Ely, Iowa for the Unit 9 Boiler Roof Replacement Project in the final amount of \$217,400.07 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 Unit 9 Boiler 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 McGinnis moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 25<sup>th</sup> day of July 2017. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

Mr. LoBianco stated that the next agenda item was a recommendation to accept Contract Change Order No. 1 and final acceptance for the Above Grade Construction and Relay Panel Installation at South Substation Project. He continued that this project was approved with the 2013 Operating Budget for a total expenditure of \$3,475,000.00 to install 134 MVA Autotransformer at South Substation; the project was subsequently revised and approved by the Board at the May 2016 Board meeting, increasing the approved expenditure to \$4,072,000.00. This portion of the project covers the work for above grade construction and relay panel installation with a published estimate for this portion of the project of \$427,500.00, with an estimated total expenditure of \$475,000.00. At the October 25, 2016, Board meeting, a contract was awarded to M.J. Electric of Greenville, WI for the Above Grade Construction and Relay Panel Installation at South Substation Project at a price of \$392,965.00. Work covered by this contract is complete and has been reviewed by Management and found to be in accordance with the specifications. Mr. LoBianco referenced Contract Change Order No. 1, that included additional material and labor costs for the project at an increase of \$8,701.00.00 and he stated that the change order is within the 10 % threshold and was previously

approved by the General Manager. He continued that the final Contract Price of \$401,666.00 will still complete the project under the budget of \$475,000.00. MP&W Management recommends proceeding with final acceptance and release of retainage. After discussion and review, the following resolutions were submitted:

#### **RESOLUTION 17-33**

WHEREAS, Contract Change Order No. 1 has been prepared for the Above Grade Construction and Relay Panel Installation at South Substation Project with an increase of \$8,701.00 and an increased total net amount of \$401,666.00 for the project; and said Contract Change Order was reviewed by the Board, and Muscatine Power and Water Management has recommended ratification of said Contract Change Order; 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 \$8,701.00 be ratified for an amended contract price of \$401,666.00 for the Above Grade Construction and Relay Panel Installation at South Substation Project.

Trustee Bradford moved, seconded by Trustee McGinnis, that said resolution be passed, approved, and adopted this 25<sup>th</sup> day of July 2017. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

#### **RESOLUTION 17-34**

WHEREAS, it appears in a written report from Muscatine Power and Water Management that the contract with M.J. Electric of Greenville, WI for the Above Grade Construction and Relay Panel Installation at South Substation Project in the final amount of \$401,666.00 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 Above Grade Construction and Relay Panel Installation at South Substation 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 Bradford moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 25<sup>th</sup> day of July 2017. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

Mr. LoBianco 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 29, 2017 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 17-35**

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 29<sup>th</sup> day of August 2017 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 McGinnis moved, seconded by Trustee Eversmeyer, that said resolution be passed, approved, and adopted this 25<sup>th</sup> day of July 2017. On roll call, Trustees McGinnis, Eversmeyer, Bradford, and Tubandt, voted aye. Voting nay, none. Trustee Porter was absent. Resolution carried.

Mr. LoBianco summarized the following appointments that are recommended for the 2017/2018 Board Committees:

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

Planning and Operations - Steven Bradford and Keith Porter (Committee Chair)

Personnel & Public Relations - Susan Eversmeyer and Tracy McGinnis (Committee Chair)

After discussion Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the 2017/2018 Board Committee appointments. All Trustees present voted aye. Motion carried.

Mr. LoBianco advised that the next meeting agenda item pertained to the Board Policy Manual and that the Manual had been provided under separate cover to the Board. He stated that the manual had been reviewed and updated by staff, and submitted in a "redline/track change mode" for their review and comment. Mr. LoBianco reviewed the changes to the document; no action was being requested this evening regarding the policy manual. Approval will be requested at the August 29, 2017, Board meeting.

In the General Manager's Report, Mr. LoBianco updated the Board on several water main breaks that had happened over the previous weekend and an accident that occurred when a car ran into MP&W equipment.

The next item on the agenda was to receive and place on file the YTD and June Financial Statements, which are comprised of Statements of Revenues, Expenses and Changes in Net Position, Statements

of Net Position, Statements of Cash Flow, and other related financial documents for each Utility and the Quarterly Investment Report. Mr. LoBianco stated that Financials would be covered in the Key Performance Indicators presentation. Trustee McGinnis moved, seconded by Trustee Eversmeyer, to receive and place on file the YTD and June 2017 Financial Statements and the Quarterly Investment Report for the Water, Electric, and Communications Utilities. All Trustees present voted aye. Motion carried.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee McGinnis, to approve the Quarterly Project Status Report and Variance Analysis. 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 Critical Issues and Key Performance Indicators presentation for the Electric, Water, and Communications Utilities was the next agenda item. After presentation and a brief discussion in response to questions, Trustee Eversmeyer moved, seconded by Trustee McGinnis, to receive and place on file the 2017 Second Quarter Critical Issues and Key Performance Indicators for the Electric, Water, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2017 Departmental Reports were presented as previously submitted to all Board members in written form. Trustee Bradford moved, seconded by Trustee McGinnis, to receive and place on file the June 2017 Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 6:55 p.m.

BOARD OF WATER, ELECTRIC, AND  
COMMUNICATIONS TRUSTEES OF THE CITY  
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Jerry Govey  
Board Secretary