

**PUBLIC HEARING OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
June 20, 2008**

The Board of Trustees conducted a public hearing in Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Friday, June 20, 2008.

The roll was called and the following members of the Board were present: Trustees Warren Heidbreder, Joan Axel, Scott Ingstad, and Don Mead. Trustee Doyle Tubandt was absent.

Also present were Mr. Jay D. Logel, General Manager of Muscatine Power and Water; Mr. Donald W. Kerker, Board Secretary; Mr. Duane J. Goedken, Board Attorney; Mr. Charles Potter, KWPC/KMCS Radio Station; Ms. Melissa Regennitter, Muscatine Journal; Messrs. Sal LoBianco, Gary Wieskamp, and Mses. Erika Cox, Brandy Dulceak, Brenda Christensen of MP&W.

The purpose of the hearing was to receive any written or oral comments regarding the Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project.

At 7:28 a.m., the Secretary opened a public hearing for Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project.

Chairperson Heidbreder asked Secretary Kerker if any written or oral comments had been received regarding Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project, and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if publication of the notice of hearing and taking of bids in connection therewith had been published as required by the Code of Iowa and the Secretary replied that they had been published.

The Chairperson asked if anyone in attendance wished to make any comments regarding the project. There were no comments. The following resolution was submitted.

RESOLUTION 08-17

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for the Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project; and,

WHEREAS, bids have been received and there were no written or oral objections to proceeding with this project; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications for the Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project be adopted.

Trustee Axel moved, seconded by Trustee Mead, that said resolution be passed, approved, and adopted this 20th day of June 2008. On roll call Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

The Secretary closed the hearing.

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

A handwritten signature in cursive script, reading "Donald W. Kerker".

Donald W. Kerker
Board Secretary

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
June 20, 2008 — 7:30 A.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa, on Friday, June 20, 2008, at 7:30 a.m., CDT.

Chairperson Heidbreder called the meeting to order. Members of the Board were present as follows: Trustees Warren Heidbreder, Joan Axel, Scott Ingstad, and Don Mead. Trustee Doyle Tubandt was absent.

Also present were Mr. Jay D. Logel, General Manager of Muscatine Power and Water; Mr. Duane J. Goedken, Board Attorney; Mr. Donald W. Kerker, Board Secretary; Mr. Charles Potter, KWPC/KMCS Radio Station; Ms. Melissa Regennitter, Muscatine Journal; Messrs. Sal LoBianco, Gary Wieskamp, and Mses. Erika Cox, Brandy Dulceak, and Brenda Christensen of MP&W.

Chairperson Heidbreder asked if there were any comments from the public. There were no comments.

The minutes of the May 28, 2008 public hearing and regular meeting were presented as previously submitted to all Board members in written form.

Trustee Ingstad moved, seconded by Trustee Mead, that the May 28, 2008 public hearing and regular meeting minutes be approved as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for May was presented as previously submitted to all Board members in written form. Mr. Logel brought several items to the Board's attention. There was an expenditure on a Board approved contract in the amount of \$1,034,458 to Azco, Inc for the installation of the Over Fire Air System; there were also several purchases of power in May due to the Units being down this spring; payment to EPM Power and Water Solutions for operating control system upgrades to Units 7, 8 and 9, Mr. LoBianco stated that updates need to be done every three to four years on the control systems; there was an expenditure of \$488,610 for the replacement of Unit 8 Generator's Hydrogen Coolers.

After review and discussion of the expenditures, Trustee Mead moved, seconded by Trustee Ingstad, to ratify payment of \$9,873,746.26 for the Electric Utility, \$290,998.58 for the Water Utility, and \$849,878.60 for the Communications Utility for a cumulative total of \$11,014,623.44. Motion carried. All Trustees present voted aye.

Mr. Logel stated that the next agenda item pertained to staff's recommendation regarding the bids received for the Unit 9 Crusher House, Unit 9 Main Building and Unit 8 Coal Silo – 2008 Dust Control Project. Mr. Logel reviewed the previously submitted memorandum to all Board members. One bid was received, opened publicly, and read aloud on May 13, 2008, at 3:00 P.M. One bidder attended the opening. The Board and staff had some discussion on the fact that there was only one bidder.

The low bidder is Hoffmann, Inc. of Muscatine, Iowa. The published estimate for this project was \$1,080,000 and the total planned expenditure for this phase of the project is \$1,200,000 based upon estimates from a contractor which was received after completion of the 2008 budget process. Hoffmann's bid also includes the cost and replacement of one (1) Live Storage Coal Silo feeder, budgeted under project GN080240 at \$90,000.

Mr. Logel stated that this is the last phase of a multi-year project that has \$1,353,698 remaining of the projected expenditure. The 2008 generation capital budget specifically included \$900,000 for completion of the multi-year dust control project and \$90,000 for replacement of the silo feeder for a total of \$990,000. These projects were budgeted as two separate projects, but can be done at the same time. The contract award will be \$263,923 over the 2008 budgeted amount; however, the project is expected to remain at or under budget and the generation capital budget is in a position to absorb this variance.

Staff has reviewed the bid and established conformance to the specifications. The low bid included exceptions and clarifications to the Bid Documents which have been resolved by staff and reviewed and approved by Board Counsel. Therefore, it was staff's recommendation that the Board accept the bid submitted by Hoffmann, Inc and award the contract to Hoffmann, Inc. for Unit 9 Crusher House, Unit 9 Conveyor Room, and Unit 8 Coal Silo Dust Control Project in the total amount of \$1,253,923.

The following resolution was submitted.

RESOLUTION 08-18

WHEREAS, it appears in a written report from Board's staff that the bid as submitted by Hoffmann, Inc. in the total amount of \$1,253,923 for Unit 9 Crusher House, Unit 9 Conveyor Room, and Unit 8 Coal Silo Dust Control Project 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 of Hoffmann, Inc. in the total amount of \$1,253,923 for Unit 9 Crusher House, Unit 9 Conveyor Room, and Unit 8 Coal Silo Dust Control Project was hereby accepted as submitted; and,

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

Trustee Ingstad moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted on this 20th day of June 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to accept the contract as complete for the Construction of Well #40 at Progress Park Well Field, Segment 1 – Construction of Well #40. The second part of this project is the building of the Well House, which will be brought before the Board in the next few

months for acceptance. At the February 26, 2008, Board meeting, a contract was awarded to The Northway Corporation for the Construction of Well #40 at Progress Park Well Field, Segment 1 – Construction of Well #40. There was one Contract Change Order that staff recommended for approval by the Board of Trustees in the amount of \$1,000.00 for additional work. The additional work on project was to drill the well four feet deeper than originally budgeted. There is no way to tell exactly how deep a well can be drilled until the work takes place. Drilling generally goes until bedrock is reached. The contract awarded amount was \$130,960.00 and with the approval of the Contract Change Order the contract amount will be \$131,960.00.

Work covered by this contract has been inspected by staff and found to be in accordance with the project specifications. Staff recommended that the Board approve the Contract Change Order in the amount of \$1,000.00, and to accept the contract as complete in the final amount of \$131,960.00.

After discussion and review the following resolutions were submitted.

RESOLUTION 08-19

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on February 26, 2008, awarded a contract to The Northway Corporation in the amount of \$130,960.00 for the Construction of Well #40 at Progress Park Well Field, Segment 1 – Construction of Well #40; and,

WHEREAS, Contract Change Order 1 has been prepared to said contract in the amount of \$1,000.00 and said Contract Change Order 1 was reviewed by the Board and the Board's staff has recommended approval of said Contract Change Order 1; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order 1 in the amount of \$1,000.00 be and the same was hereby approved for a new contract price of \$131,960.00.

Trustee Axel moved, seconded by Trustee Ingstad, that said resolution be passed, approved, and adopted on this 20th day of July, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

RESOLUTION 08-20

WHEREAS, it appears in a written report from Board's staff that the contract with The Northway Corporation for the Construction of Well #40 at Progress Park Well Field, Segment 1 – Construction of Well #40 in the final amount of \$131,960.00 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 Construction of Well #40 at Progress Park Well Field, Segment 1 – Construction of Well #40 furnished under the above named contract be and the same was hereby 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 this acceptance all in accordance with the provisions of the Code of Iowa.

Trustee Mead moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted on this 20th day of June, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to accept the contract as complete for Units 7 and 8 Traveling Screen Wash Pump and Motor. At the July 31, 2007, Board meeting, a contract was awarded to The Northway Well and Pump Company for Units 7 & 8 Traveling Screen Wash Pump and Motor. There was one Contract Change Order that staff recommended for approval by the Board of Trustees in the amount of \$1,170.00 for additional work to adjust the height of the pump intake. The contract awarded amount was \$18,232.40 and with the approval of the Contract Change Order the contract amount will be \$19,402.40.

The equipment installed by this contract has been inspected by staff and found to be in accordance with the project specifications. The Northway Well and Pump Company was obligated to submit two Operations and Maintenance Manuals. Staff recommended that the Board approve the Contract Change Order in the amount of \$1,170.00, accept the contract as complete in the final amount of \$19,402.40, and to release contract retainage subject to receiving the Operations and Maintenance Manuals.

After discussion and review the following resolutions were submitted.

RESOLUTION 08-21

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on July 31, 2007, awarded a contract to The Northway Well and Pump Company in the amount of \$18,232.40 for the Units 7 and 8 Traveling Screen Wash Pump and Motor; and,

WHEREAS, Contract Change Order 1 has been prepared to said contract in the amount of \$1,170.00 and said Contract Change Order 1 was reviewed by the Board and the Board's staff has recommended approval of said Contract Change Order 1; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order 1 in the amount of \$1,170.00 be and the same was hereby approved for a new contract price of \$19,402.40.

Trustee Ingstad moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted on this 20th day of June, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

RESOLUTION 08-22

WHEREAS, it appears in a written report from Board's staff that the contract with The Northway Well and Pump Company for Units 7 and 8 Traveling Screen Wash Pump and Motor in the final amount of \$19,402.40 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 Units 7 and 8 Traveling Screen Wash Pump and Motor furnished under the above named contract be and the same was hereby 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 this acceptance all in accordance with the provisions of the Code of Iowa and subject to receipt of the Operations and Maintenance Manual for the project.

Trustee Axel moved, seconded by Trustee Mead, that said resolution be passed, approved, and adopted on this 20th day of June, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to accept the contract as complete for 8C Switchgear Replacement. At the May 29, 2007, Board meeting, a contract was awarded to Hupp Engineered Products for 8C Switchgear Replacement. There was one Contract Change Order that staff recommended for approval by the Board of Trustees in the decreased amount of \$23,494.71 for an adjustment in the number of retrofits needed. The work completed by this contractor has been inspected by staff and found to be in accordance with the project specifications. Staff recommended that the Board approve the Contract Change Order in the decreased amount of \$23,494.71, and accept the contract as completed in the final amount of \$116,863.73.

After discussion and review the following resolutions were submitted.

RESOLUTION 08-23

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on May 29, 2007, awarded a contract to Hupp Engineered Products in the amount of \$140,358.44 for the 8C Switchgear Replacement; and,

WHEREAS, Contract Change Order 1 has been prepared to said contract in the decreased amount of \$23,494.71 and said Contract Change Order 1 was reviewed by the Board and the Board's staff has recommended approval of said Contract Change Order 1; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said Contract Change Order 1 in the amount of \$23,494.71 be and the same was hereby approved for a new contract price of \$116,863.73.

Trustee Axel moved, seconded by Trustee Mead, that said resolution be passed, approved, and adopted on this 20th day of June, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

RESOLUTION 08-24

WHEREAS, it appears in a written report from Board's staff that the contract with Hupp Engineered Products for the 8C Switchgear Replacement in the final amount of \$116,863.73 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 8C Switchgear Replacement completed under the above named contract be and the same was hereby 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 this acceptance all in accordance with the provisions of the Code of Iowa.

Trustee Mead moved, seconded by Trustee Axel, that said resolution be passed, approved, and adopted on this 20th day of June, 2008. Trustees Heidbreder, Mead, Axel, and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Mr. Logel stated that the Board of Trustees usually elects new officers at the June or July meeting for the following year. In the Board's meeting information was a memorandum that listed each Board member's appointed term. It was recommended that Trustee Doyle Tubandt be elected Chairperson and Trustee Scott Ingstad be elected Vice Chairperson for the 2008/2009 year.

Trustee Axel moved, seconded by Trustee Mead, that Trustee Doyle Tubandt be elected Chairperson and Trustee Scott Ingstad be elected Vice Chairperson for the 2008/2009 year. Motion carried. All Trustees present voted aye.

Mr. Logel advised that part of the process of electing Board officers was to reconfirm the appointment of the Board Secretary. Mr. Don Kerker has served as the Board's Secretary since 1980, and Mr. Logel recommended that Mr. Kerker be reconfirmed as Board Secretary.

Trustee Ingstad moved, seconded by Trustee Axel, that Mr. Donald W. Kerker be reconfirmed as Board Secretary for the 2008/2009 year. Motion carried. All Trustees present voted aye.

In the General Manager's report, Mr. Logel reviewed his previously submitted memorandum to all Board members.

Mr. Logel reminded the Board members that he would be out of the office for back surgery starting on July 8th, for somewhere between three to six weeks. Mr. Kerker has agreed to serve in an acting capacity during the time that Mr. Logel is out of the office.

Mr. Logel stated that Muscatine Power and Water has offered help, through the Iowa Association of Municipal Utilities (IAMU), to any communities who may have lost their water treatment systems due to flooding. To date no requests have come forth.

Mr. Logel requested that the December Board Meeting date be changed from December 30th to December 23rd due to December 30th falling between Christmas and New Years. The Board concurred with the recommendation to change the date of the December meeting.

This concluded Mr. Logel's report unless there were questions for him or management.

Trustee Heidbreder requested that Mr. Logel give the Board an update on the General Manager search. Mr. Logel asked Ms. Cox, Director Employee Services, to provide an update. Ms. Cox stated that Mr. David Little of the search firm Little and Associates was pleased with the progress so far. Mr. Little has conducted phone interviews with fourteen people. He has narrowed down the search to six people to be interviewed in Muscatine. Ms. Cox stated that all six candidates have utility backgrounds. Ms. Cox also stated that both Muscatine Power and Water and Jay Logel have good reputations in the industry and this has helped in recruitment of high potential candidates. The search process is ahead of schedule and candidates will be interviewed in Muscatine in the next six weeks.

Trustee Axel requested that the Board receive an update on how Muscatine Power and Water prepares for floods. Mr. Logel stated that the utility has a flood plan and Management will be updating it after the current flood. A review of the plan will be scheduled with the Board at a later date.

The May Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Kerker, Director of Finance and Administrative Services, reviewed monthly financial statements for all three utilities. All Utilities were operating near or better than budget levels.

There was some discussion on the Digital Transition and where the Utility is at in the communication process with its customers. Also Trustee Heidbreder stated that he had a MP&W Service Technician at his home for the installation of a new cable box and that the technician did exceptional work and was very knowledgeable.

Trustee Ingstad moved, seconded by Trustee Mead, to receive and place on file May financial operating statements and balance sheets for the Water, Electric, and Communications Utilities. Motion carried. All Trustees present voted aye.

The Competitive Quotes for Public Improvements Report was previously submitted to all Board members in written format. There were no items for approval, the report was received and placed on file.

The May departmental reports were presented as previously submitted to all Board members in written form. Trustee Mead moved, seconded by Trustee Ingstad, to receive and place on file the May departmental reports. Motion carried. All Trustees present voted aye.

The meeting was adjourned at 8:10 a.m.

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

A handwritten signature in black ink, appearing to read "Donald W. Kerker". The signature is fluid and cursive, with the first name "Donald" being the most prominent.

Donald W. Kerker
Board Secretary