

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
AUGUST 31, 2010 – 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, August 31, 2010, at 5:30 p.m., CST.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Donald W. Kerker, Board Secretary; Duane J. Goedken, Board Attorney; Charles Potter, Muscatine Journal; David Fee and Lacey Loewe of Principal Financial Group; Jeff Beer, Erika Cox, Brandy Dulceak, and Brenda Christensen of Muscatine Power and Water.

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

The minutes of the July 27, 2010, regular meeting were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Tubandt, that the July 27, 2010, regular meeting minutes be approved as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for July was presented as previously submitted to all Board members in written form. After review and discussion of the expenditures, Trustee Axel moved, seconded by Trustee Tubandt, to ratify payment of \$5,518,705.12 for the Electric Utility, \$490,923.63 for the Water Utility, and \$1,515,995.71 for the Communications Utility for a cumulative total of \$7,525,624.46. Motion carried. All Trustees present voted aye.

Mr. LoBianco told the Board that Principal representatives were in attendance to provide a semi-annual review of the pension plan and investments. Ms. Cox introduced David Fee, Sr. Investment Consultant, and Lacey Loewe, Sr. Relationship Manager, from the Principal Financial Group to provide an update on the status of the plan's 2010 semi-annual asset allocation, investment earnings results and funding status.

Mr. Fee directed the Board to the previously provided presentation submitted from Principal Financial Group. He reviewed the current portfolio and the allocation of strategic assets. He explained that performance was down 6.6% for the quarter and a bit behind the June 30, 2010 benchmark. He continued that a few small adjustments had been made in several of the investment option managers. Principal expects that these adjustments will better position the MP&W investment portfolio to meet Utility goals. Expectations of Principal are that long-term stocks and fixed income exposure look good.

Trustee Scott Ingstad arrived at the meeting at 5:45. After some general discussion the Board expressed their thanks for the update.

David Fee and Lacey Loewe left the meeting at 5:55 p.m.

Mr. LoBianco stated that at the July Board of Trustees meeting, the Board Policy Manual was presented in draft form for the Board's input and comments. The manual has been finalized and it was recommended that the Board approve the manual. Trustee Heidbreder moved, seconded by Trustee Axel, that the Board Policy Manual be approved as presented. Motion carried. All Trustees present voted aye.

Mr. LoBianco reviewed the previously submitted memorandum to all Board members regarding the recommendation to request the Mayor and City Council to recognize public power by designating the week of October 3-9, 2010 as Public Power Week. Mr. LoBianco stated that this was an opportunity to explain to customers and employees the benefits of public power and to recognize MP&W customers and employees. Trustee Axel requested that we share information with our customers and legislators regarding National Public Power Week. The following resolution was submitted.

RESOLUTION 10-06
NATIONAL PUBLIC POWER WEEK

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa wish to recognize its customers and employees during Public Power Week; and,

WHEREAS, the citizens of Muscatine are both owners and consumers of Muscatine Power and Water which provides our homes, businesses, farms, and local government agencies with reliable, efficient, and cost-effective electricity, water, and communications services by employing sound business practices designed to ensure the best possible service at the lowest possible rate; now therefore,

BE IT RESOLVED, that the Board of Trustees request that the Mayor and City Council designate the week of October 3-9, 2010 as Public Power Week in Muscatine, in order to honor Muscatine Power and Water, its consumer-owners, and its employees, who work together to provide the best possible electric, water, and communications services; and,

BE IT FURTHER RESOLVED, that Muscatine has joined hands with other public power communities across the nation to celebrate the benefits of a consumer-owned utility for our local and national progress.

Trustee Ingstad moved, seconded by Trustee Tubandt, that said resolution be passed, approved, and adopted this 31st day of August 2010. On roll call Trustees Axel, Ingstad, Heidbreder, Tubandt and Carlson voted aye. Voting nay, none.

Mr. LoBianco next advised the Board that they had been provided with updated/revised Service Rules for the Communication Utility in the Board packet. He told the Board that no action was being requested at this meeting, but approval will be requested at the September Board meeting. Mr. LoBianco continued that the updates had been made similar to what had been done to the Electric and Water Service rules for consistency and a more user friendly format, along with the consolidation of several documents into the Service Rules document. He asked that the Board review the document and return any comments to Ms. Cox or Ms. Olson before the September Board Meeting.

Mr. LoBianco introduced the next item on the agenda as a Water Utility Reimbursement Resolution. This resolution is meant to allow the Board maximum flexibility to use the proceeds of future projected borrowings for expected capital expenditures made 60 days prior to and subsequent to adoption of the resolution. Mr. LoBianco stated that similar resolutions had been used by the Board in the past and introduced Mr. Kerker to answer any questions the Board may have. Mr. Kerker told the Board that projections indicate the need for the borrowing of approximately \$5 million over the next several years, beginning as early as 2011 to fund expenditures totally over \$13 million. The adoption of the resolution will allow the Board maximum flexibility in sizing the debt issue. After discussion and review, the following resolutions were submitted.

RESOLUTION 10-07

RESOLUTION expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation.

WHEREAS the City of Muscatine, Iowa (the "Issuer"), acting by and through its Board of Water, Electric and Communications Trustees (the "Board"), now desires to finance improvements and additions to the municipal waterworks plant and system, including without limitation life extension improvements to the West Hill Rectangular Reservoir and other capital projects related to the municipal waterworks plant and system (the "Projects"); and

WHEREAS all or a portion of the expenditures relating to such Projects (the "Expenditures") (i) have been paid within the sixty days prior to the passage of this Resolution or (ii) will be paid on or after the passage of this Resolution; and

WHEREAS the Issuer reasonably expects to reimburse itself or pay for the Expenditures with the proceeds of an obligation;

BE IT RESOLVED that the Board of Trustees of Water, Electric and Communications Trustees of the City of Muscatine, Iowa, as follows:

Section 1. The Issuer reasonably expects to reimburse or pay the Expenditures with proceeds of an obligation.

Section 2. The maximum principal amount of the obligations expected to be issued for the Projects is \$5,000,000.

Section 3. All actions of the officers, agents and employees of the Issuer or the Board that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Trustee Heidbreder moved, seconded by Trustee Ingstad, that said resolution be passed, approved, and adopted this 31st day of August 2010. On roll call Trustees Axel, Ingstad, Heidbreder, Tubandt and Carlson voted aye. Voting nay, none.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding a bid won by MP&W to connect Trinity Hospital of Muscatine to the Iowa Health Network and also an update about the work that is being done to reduce or eliminate the water leakage in the rail unloader transfer conveyor tunnel.

The July Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. LoBianco gave a brief update on each utility. After review, Trustee Ingstad moved, seconded by Trustee Heidbreder, to receive and place on file the July 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 presented as previously submitted to all Board members in written form. After review and discussion, Trustee Axel moved, seconded by Trustee Tubandt, to approve the July Competitive Quotes for Public Improvements Report. Motion carried. All Trustees present voted aye.

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

Chairperson Carlson asked if there were any other items of business. With no other items of business, the meeting was adjourned at 6:30 p.m.

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



Donald W. Kerker
Board Secretary