

OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
NOVEMBER 30, 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, November 30, 2010, at 5:30 p.m.

Chairperson Carlson called the meeting to order. Members of the Board were present as follows: Trustees Warren Heidbreder, Joan Axel, Gary Carlson and Scott Ingstad. Trustee Doyle Tubandt 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; Ray Danz, Gary Wieskamp, Erika Cox, Jeff Beer 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 comments.

The minutes of the October 26, 2010, regular meeting were presented as previously submitted to all Board members in written form. Trustee Axel moved, seconded by Trustee Ingstad, that the minutes be approved and placed on file as submitted. Motion carried. All Trustees present voted aye.

The list of October expenditures and transactions was presented as previously submitted in written form to all Board members. After review, Trustee Heidbreder moved, seconded by Trustee Ingstad, to ratify payments of \$6,136,953.83 for the Electric Utility, \$310,440.42 for the Water Utility, and \$1,189,223.55 for the Communications Utility for a total amount of \$7,636,617.80. Motion passed. All Trustees present voted aye.

Mr. LoBianco stated that the agreement with the International Brotherhood of Electrical Workers, Local 55.10, expires in December 2010. Negotiation meetings were held October 28 and 29 and a tentative agreement reached with the understanding that the Board of Trustees and Union membership must vote to accept/ratify the tentative agreement. Mr. LoBianco recognized both teams in the successful negotiations, and said that Ms. Cox, Director of Employee Services, could review any questions that the Board of Trustees had. Discussion was conducted on the agreement.

Trustee Ingstad moved, seconded by Trustee Axel, to approve the three-year agreement with the International Brotherhood of Electrical Workers, Local 55.10, as previously outlined and discussed. Motion carried. All Trustees present voted aye.

Mr. LoBianco introduced the next item on the agenda as a request to transfer monies from/to the Electric Utility Extraordinary Operation and Maintenance Account. Mr. LoBianco asked Mr. Kerker to review the memo and schedules previously provided to the Board. Mr. Kerker reminded the Board that transfers are authorized by the Board into and out of the EO&M Account to decrease or increase revenues (net income and debt service

coverage), in the year so designated by the Board. This provision gives the Board flexibility to mitigate large swings in revenues and expenses. The 2010 operating budget indicated the need to make a transfer by the end of 2010 from the EO&M Account to the Revenue Fund in order to pay debt service and to meet the minimum debt service coverage. Mr. Kerker continued that 2011 will also be a financially challenging year and in order to meet the minimum debt service coverage next year, it will be necessary to transfer monies from the EO&M Account to the Revenue Fund in January 2011 to bring the Revenue Fund to a minimum level for operating cash flow variability. Mr. Kerker reviewed the transfer of funds on the schedules provided to the Board, along with the impact of the transfer on the income statement and balance sheet.

Trustee Ingstad moved, seconded by Trustee Heidbreder to transfer monies in excess of debt service requirements and immediate cash needs from the Revenue Fund to the Extraordinary O&M Account in December 2010 and to transfer monies from the Extraordinary O&M Account in January 2011 to the Revenue Fund to accommodate operating cash flow needs. Motion passed. All Trustees present voted aye.

Mr. LoBianco stated the next agenda item was approval of the 2011 Operating Budgets that had been presented for comments at the October 26, 2010, Board of Trustees meeting. There were no changes to the proposed budgets; therefore, the Board was being asked to approve the 2011 Annual Operating Budgets for Electric, Water and Communications Utilities.

Trustee Axel moved, seconded by Trustee Heidbreder, to approve the 2011 Operating Budgets for the Electric, Water and Communications Utilities. Motion passed. All Trustees present voted aye.

Mr. LoBianco stated that the next agenda item also pertained to the 2011 Operating Budgets and asked Mr. Kerker to review. Mr. Kerker stated that Muscatine Power and Water is required by the Iowa Code to submit a summary of the Operating Budgets to the City Clerk, who then forwards the budget summary to Muscatine County for submittal to the State of Iowa Auditor. The budget certificate summary was presented as previously submitted in written form to all Board members. Copies of the budget summary were available for review to the citizens at Muscatine City Hall, Musser Public Library, and at MP&W's Administrative/Operations Office. The budget hearing was conducted earlier in the evening. The following resolution was submitted.

RESOLUTION 10-10

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the annual budgets for calendar year 2011, as set forth in Muscatine Power and Water's Utility's Budget Estimate Summary showing the revenue and expenditure estimates for said calendar year is adopted, and the Secretary is directed to file the same with the Clerk of the City of Muscatine, Iowa.

Trustee Axel moved, seconded by Trustee Ingstad, that the said resolution should be passed, approved, and adopted on this 30th day of November 2010. On roll call Trustees Heidbreder, Axel, Carlson and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Next Mr. LoBianco advised that it was management's recommendation that prices for MPW Digital TV services be increased effective January 1, 2011, and asked Mr. Wieskamp, Director of Utility Relations, to review the recommendation. Mr. Wieskamp reviewed the previously submitted memorandum to all Board members. He stated that pursuant to the review of the 2011 Communications Utility Financial Projection and Annual Operating Budgets, it is recommended that the price for MPW Digital TV service be adjusted effective January 1, 2011. The requirement for an increase is primarily due to continued increases in programming costs, debt service requirements and other inflationary factors.

The following resolution was submitted:

RESOLUTION 10-11

BE IT RESOLVED, by the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa, that effective January 1, 2011, the Communications Utility's price structure for MPW Basic service shall be \$20.99 per month and MPW Digital TV Select service shall be \$57.49 per month; and,

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

Trustee Axel moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted this 30th day of November 2010. On roll call Trustees Heidbreder, Axel, Carlson and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

At the October Board of Trustees meeting, management presented a proposed water utility revenue adjustment consistent with the assumptions in the 2011 Water Utility's annual Operating Budget. A revenue adjustment of four percent (4%) is planned, effective with the April 1, 2011, water consumption. Mr. LoBianco stated that the major drivers for the revenue increase were the projected operating and capital requirements for the next ten years. The Board was provided schedules showing the impact of selected operating and financial indicators for the recommended revenue adjustment, as well as a summary of the cost-of-service design results for the four percent (4%) revenue increase; this revenue adjustment of four percent (4%) will increase the average residential customer monthly cost by sixty (60) cents. All major customers have been contacted regarding the adjustments. Mr. LoBianco stated that even with this increase, MP&W rates still rank very low within the state of Iowa.

The following resolution was submitted.

RESOLUTION 10-12

WHEREAS, certain studies have been made of the financial condition of the Water 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 a revenue increase is necessary to keep the water 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 water revenue be increased by four percent (4%) effective with water usage starting April 1, 2011; and,

BE IT FURTHER RESOLVED, that said increase be effected by adoption of the rate classes and rates proposed by management,

BE IT FURTHER RESOLVED, that proper notice be given to contract consumers in accordance with the terms of the contracts.

Trustee Ingstad moved, seconded by Trustee Axel, that the said resolution should be passed, approved, and adopted this 30th day of November 2010. On roll call Trustees Heidbreder, Axel, Carlson and Ingstad voted aye. Voting nay, none. Trustee Tubandt was absent.

Mr. LoBianco introduced the next subject of the 2011 Strategic Plan. Mr. LoBianco reminded the Board that the 2011 Strategic Plan had been presented for information and review at the October Board meeting. There was no additional input from the Board of Trustees; it is requested that the Board approve the 2011 Strategic Plan.

Trustee Axel moved, seconded by Trustee Ingstad to approve the 2011 Strategic Plan. Motion passed. All Trustees present voted aye.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding the West Hill Rectangular Reservoir Repairs and informed the Board that the reservoir was restored to service the week of November 22, 2010. Mr. LoBianco also summarized the third quarter pension investment review that had been completed by MP&W Pension Committee with the Principal Financial Group.

The October 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 for the month and Mr. Kerker reviewed the YTD results.

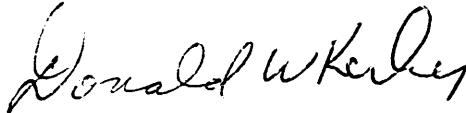
After review, Trustee Heidbreder moved, seconded by Trustee Ingstad, to receive and place on file the October Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. Motion carried. All Trustees present voted aye.

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

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

Trustee Axel moved, seconded by Trustee Heidbreder, to adjourn the November 30, 2010, Board Meeting. Motion carried. All Trustees present voted aye. The meeting was adjourned at 6:40 p.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

**PUBLIC HEARING OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
NOVEMBER 30, 2010**

The Board of Trustees conducted a public hearing in Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, November 30, 2010.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Don Kerker, Board Secretary; Duane Goedken, Board Attorney; Charles Potter, Muscatine Journal; Ray Danz, Gary Wieskamp, Erika Cox, Jeff Beer, and Brenda Christensen of Muscatine Power and Water (MP&W).

The purpose of the hearing was to receive any citizens' comments regarding the 2011 Operating Budgets for the Electric, Water and Communications Utilities.

The Board Chair opened the public hearing at 5:28 p.m. to receive any citizens' comments on the 2011 Operating Budgets for the Electric, Water and Communications Utilities. No written or oral comments were received regarding the budget.

The hearing was closed.

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

A handwritten signature in cursive script, appearing to read "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
DECEMBER 6, 2010

The Board met in s special meeting at the Administration Building, 3205 Cedar Street, Muscatine, Iowa, on Monday, December 6, 2010, at 7:30 a.m.

Chairperson Gary Carlson called the meeting to order. Members of the Board were present by phone due to previously scheduled appointments and a short agenda as follows: Trustees Gary Carlson, Doyle Tubandt, Scott Ingstad, Warren Heidbreder and Joan Axel.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Donald W. Kerker, Board Secretary; 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.

Mr. Kerker stated the State of Iowa required that a budget summary for all three utilities be prepared and a public hearing conducted on the budget summary to provide the public an opportunity to review and present any comments on the published budget summary. Prior to the December Board of Trustees meeting, the budget summary and public hearing notice will be published in the Muscatine Journal. The budget summary will be posted at City Hall and at Musser Public Library for citizens' information and review. After approval of the budget summary by the Board of Trustees, the budget summary will be provided to the City of Muscatine for submittal to the State of Iowa as an attachment to the City of Muscatine's budget. It was management's recommendation that the public hearing be set for December 21, 2010, at 5:26 p.m. The following resolution was submitted.

RESOLUTION 10-13

WHEREAS, the budget summary of the combined Electric, Water, and Communications Utilities was being prepared for the 2011 calendar year, and it was recommended that a public hearing be established for the review of said budget summary; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that the budget estimate summary of the combined Electric, Water, and Communications Utilities be placed on file at the office of the City Clerk, the City Library and the Utility Administration Office for any resident, taxpayer, or consumer to view; and,

BE IT FURTHER RESOLVED, that a public hearing be held on the 21st day of December 2010 at 5:26 p.m. in the Board Room of Muscatine Power and Water's Administration/Operations Building located at 3205 Cedar Street, in the City of 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 ten (10) nor more than twenty (20) days prior to said hearing all as required by the Code of Iowa.

Trustee Axel moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved and adopted this 6th day of December 2010. On roll call Trustees Heidbreder, Tubandt, Ingstad, Axel, and Carlson voted aye. Voting nay, none.

The meeting was adjourned at 7:40 a.m.

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