

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
FEBRUARY 25, 2014 – 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, February 25, 2014, at 5:30 p.m.

Chairperson Doyle Tubandt called the meeting to order. Members of the Board were present as follows: Trustees Tracy McGinnis, Warren Heidbreder, Steven Bradford, Joan Axel, and Doyle Tubandt.

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Jerry Gowey, Board Secretary; David Fee, Lacey Loewe, and Kristin Andrews of Principal Financial Group; Erika Cox, Brandy Olson, 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 minutes of the January 28, 2014, public hearing and regular meeting were presented as previously submitted to all Board members in written form. After discussion, Trustee Bradford, moved, seconded by Trustee McGinnis, that the minutes be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for January 2014 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 Bradford, to ratify payment of \$7,805,323.58 for the Electric Utility, \$568,757.89 for the Water Utility, and \$2,674,019.24 for the Communications Utility for a cumulative total of \$11,048,100.71. All Trustees voted aye. Motion carried.

Ms. Cox reminded the Board that the Pension Investment Policy requires that the Board review the Employee Pension Fund performance once a year and introduced David Fee, Lacey Loewe, and Kristen Andrews from the Principal Financial Group. Ms. Loewe informed the Board that Kristin Andrews would be the new MP&W Principal Account Representative; Ms. Andrews gave some background information on herself and then gave an update on MP&W current funded status which is 98% as of February 28, 2014. Ms. Andrews then asked Mr. Fee to provide an update of the plan's 2013 year end asset allocation and investment earnings results. Mr. Fee provided the Board with an overview of the current market trends and market expectations for 2014. He also reviewed the MP&W portfolio performance, along with the portfolio and strategic asset allocation and the current asset manager watch list. Trustee Heidbreder moved, seconded by Trustee Bradford, to receive and place on file the 2013 Employees' Pension Plan and Investment Advisory Report. All Trustees present voted aye. Motion carried. The Principal Financial Group representatives

left the meeting. There was additional discussion on how the agreement with Principal Financial Group works and how often the agreement is renewed.

Mr. LoBianco introduced the next item on the agenda as approval of 8B Boiler Feed Pump Overhaul Project with an expected expenditure of \$138,500. This pump is one of two, 66% capacity pumps that pump feedwater into the Unit 8 Boiler. This project includes disassembly, inspection, replacement of the internal pump assembly, repair of any auxiliary components, reassembly, and testing of the repaired pump. This pump was last overhauled in 2008 at a total cost of about \$154,000; however, there was some additional machining of the pump housing required during that overhaul that is not anticipated this time. The labor for the pump overhaul will be conducted with MP&W staff under the direction of a technical service representative from the Original Equipment Manufacturer (OEM). Management is requesting immediate approval of this project so that plans can be finalized to complete this work during Unit 8's fall outage. Completing this work proactively will minimize the potential for collateral damage from the elevated vibration. After review and discussion, Trustee Heidbreder moved, seconded by Trustee McGinnis, to approve the 8B Boiler Feed Pump Overhaul Project. All Trustees voted aye. Motion carried.

The next item on the agenda was a recommendation to approve a revised project summary form for the Units 8 and 9 PAC (Powdered Activated Carbon) Demonstration Project with an expenditure of \$280,000 for an increase of \$80,000; this project was originally submitted and approved at the May 2013 Board meeting. Mr. LoBianco said that since the time of project approval a comprehensive testing plan was submitted to the IDNR for review and approval; IDNR has requested additional emissions testing above and beyond what was submitted in the MP&W testing plan, resulting in additional costs. Management is requesting immediate approval to avoid delays and to ensure the project continues to meet overall compliance deadlines. After additional discussion, Trustee McGinnis moved, seconded by Trustee Axel, that the revised project summary form for the Units 8 and 9 PAC Demonstration Project be approved in the amount of \$280,000. All Trustees voted aye. Motion carried.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding the IAMU Leadership and Business Meeting that he attended; at this meeting MP&W received the IAMU Energy Efficiency Leadership Award for demonstrating strong energy efficiency efforts over the past three years. He also updated the Board on the Employee Information Meetings that were held in February and the announcement that MP&W had earned the Blue Zone's Worksite designation at both the A/O and the Power Plant. Lastly, he reviewed the new process that energy efficiency rebates to customers would now be credited to the customers' accounts instead of issuing rebate checks.

The January Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. Gowey reviewed the January financials for each Utility. Trustee Heidbreder moved, seconded by Trustee Axel, to receive and place on file the January 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 in written format. There were no items for approval. The report was received and placed on file.

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

The meeting was adjourned at 6:25 p.m.

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Jerry Gowey
Board Secretary