

OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
May 31, 2011 – 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, May 31, 2011 at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Donald W. Kerker, Board Secretary, Charles Potter, Muscatine Journal; Bill Harden, KWPC/KWCC Radio Station; Ray Danz, Erika Cox, Brandy Olson and Brenda Christensen of Muscatine Power and Water (MP&W).

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 April 26, 2011 regular meeting were presented as previously submitted to all Board members in written form. Trustee Axel moved, seconded by Trustee Tubandt, that the minutes be approved and placed on file as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for April was presented as previously submitted to all Board members in written form. Mr. LoBianco stated that expenditures are up this month due to more coal receipts, and additional purchased power and inventory and supplies for the Unit 9 outage. After review and discussion, Trustee Heidbreder moved, seconded by Trustee Ingstad, to ratify payment of \$7,570,458.81 for the Electric Utility, \$308,310.20 in the Water Utility, and \$853,476.30 for the Communications Utility for a cumulative total of \$8,732,245.31. Motion carried. All Trustees present voted aye.

The next item on the agenda was to ask the Board to authorize the Director, Finance and Administrative Services to transfer approximately \$15 million from the EO&M Account to the Revenue Fund. Mr. LoBianco stated that the funds would be available for operation expenses that were anticipated in the 2011 budget and asked Mr. Kerker to answer any questions the Board might have. Mr. Kerker stated that this transfer would be the only transfer this year and if 2011 finished better than expected, any excess money could be put back into the EO&M account at the end of the year. Trustee Ingstad moved, seconded by Trustee Tubandt to authorize the Director, Finance and Administrative Services to transfer monies from the EO&M Account to the Revenue Fund. Motion passed. All Trustees present voted aye.

The next item on the agenda was a Recommendation for Contract Revision and Final Acceptance for the FGD Absorber Feed Tank Repair Project. Mr. LoBianco reviewed the memorandum to the Board that was included in the Board packet. At the December 21, 2010, Board meeting, a contract was awarded to Vector Construction, Inc. for this project in the amount of \$299,941. Due to additional work required to restore the tank lining and repair corroded structural steel, a contract change order was generated in the amount of \$119,068. Staff recommends approval by the Board of Trustees in the amount of \$119,068 for a new final contract price of \$419,009. Staff recommends proceeding with final acceptance and release of retainage. Work covered by this contract has been completed, checked by staff and found to be in accordance with the specifications.

After discussion and review, the following resolutions were submitted.

RESOLUTION 11-09

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on December 21, 2010, awarded a contract to Vector Construction, Inc. in the amount of \$299,941 for the FGD Absorber Feed Tank Repair Project; and,

WHEREAS, Contract Change Order No. 1 has been prepared for the FGD Absorber Feed Tank Repair Project in the increased amount of \$119,068 and said contract change order was reviewed by the Board and the Board's staff has recommended approval of said contract change orders; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said contract change order in the increased amount of \$119,068 be approved and the same was hereby approved for an amended contract price of \$419,009.

Trustee Axel moved, seconded by Trustee Ingstad, that said resolution be passed, approved, and adopted this 31st day of May 2011. On roll call Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none

RESOLUTION 11-10

WHEREAS, it appears in a written report from Board's staff that the contract with Vector Construction, Inc. for the FGD Absorber Feed Tank Repair Project in the final amount of \$419,009 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 FGD Absorber Feed Tank Repair Project under the above named contract be approved 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 Tubandt moved, seconded by Trustee Heidbreder, that said resolution be passed, approved, and adopted this 31st day of May 2011. On roll call Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none

The next item on the agenda was a Recommendation for Contract Revision and Final Acceptance for the Motor Control Replacement – State Revolving Fund Project (Segment 1). Mr. LoBianco reviewed the memorandum to the Board and the history of the project that was included in the Board packet. At the July 28, 2009 Board meeting, a contract was awarded to J.W. Kohler Electric, Inc. for this project in the amount of \$84,195.20. A Contract Change Order has been generated to cover the inclusion of larger motor make up boxes and a location change of one Variable Frequency Drive (VFD); staff recommends approval by the Board of Trustees in the amount of \$2,177.26 for a new final contract price of \$86,372.46. Staff recommends proceeding with final acceptance and release of retainage. Work covered by this contract has been completed, checked by staff and found to be in accordance with the specifications.

After discussion and review, the following resolutions were submitted.

RESOLUTION 11-11

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on July 28, 2009, awarded a contract to J.W. Kohler Electric, Inc. in the amount of \$84,195.20 for the Motor Control Replacement – State Revolving Fund Project (Segment 1); and,

WHEREAS, Contract Change Order No. 1 has been prepared for the Motor Control Replacement – State Revolving Fund Project (Segment 1) in the increased amount of \$2,177.26 and said contract change order was reviewed by the Board and the Board's staff has recommended approval of said contract change orders; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees that said contract change order in the increased amount of \$2,177.26 be approved and the same was hereby approved for an amended contract price of \$86,372.46.

Trustee Heidbreder moved, seconded by Trustee Ingstad, that said resolution be passed, approved, and adopted this 31st day of May 2011. On roll call Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none

RESOLUTION 11-12

WHEREAS, it appears in a written report from Board's staff that the contract with J.W. Kohler Electric, Inc. for the Motor Control Replacement – State Revolving Fund Project (Segment 1) in the final amount of \$86,372.46 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 Motor Control Replacement – State Revolving Fund Project (Segment 1) under the above named contract be approved 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 Axel moved, seconded by Trustee Tubandt, that said resolution be passed, approved, and adopted this 31st day of May 2011. On roll call Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum regarding the Powder River Basin (PRB) Coal Plant of the Year Award; representatives for MP&W accepted the award on May 9th at the Electric Power Plant Awards Banquet in Rosemont, Illinois. Mr. LoBianco also informed the Board that MP&W received recognition from the Iowa-Illinois Safety Council for Incidence Rate Excellence in 2010. The last discussion item from the General Manager's report was to inform the Board that the Muscatine Community School District requested an easement over the Utility's parcel of land that includes a service road off Houser Street that runs to the Cedar Street Substation adjacent to the High School property; the Utility entered into a letter of understanding with the school district.

The next item on the agenda was to receive and place on file the YTD and April Financial Operating Statements and Balance Sheets for each Utility. Mr. LoBianco gave a brief update on each utility for the month of April and Mr. Kerker reviewed the YTD results. Trustee Ingstad moved, seconded by Trustee Axel, that the YTD and April Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities be received and placed on file. 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 April Departmental Reports were presented as previously submitted to all Board members in written form. General discussion was conducted on the departmental reports. Trustee Heidbreder moved, seconded by Trustee Tubandt, to receive and place on file the April departmental reports. Motion carried. All Trustees present voted aye.

Chairperson Carlson then recommended that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5 (1.i) to review the performance evaluations completed by the General Manager for the Directors and for the General Manager performance evaluation completed by the Board of Trustees.

Trustee Ingstad moved, seconded by Trustee Tubandt, that the meeting be closed to the public in accordance with Iowa Code Chapter 21.5 (1.i) for the purpose of reviewing management performance. Trustees Tubandt, Ingstad, Axel, Heidbreder, and Carlson voted aye. Voting nay, none.

The meeting was closed to the public at 6:05 p.m. All attendees of the meeting except for the General Manager and the Board Members left the meeting. At 6:35 p.m. Mr. LoBianco left the closed session.

Trustee Axel moved, seconded by Trustee Tubandt, to reconvene the meeting to open session. At 7:10 p.m. the meeting was reconvened to open session.

Trustee Axel moved, seconded by Trustee Heidbreder to ratify salary adjustments effective July 1, 2011 as recommended by the General Manager for the five Directors and to adjust the salary of the General Manager in accordance with his performance and the Salary Administration Program. Motion carried. All Trustees voted aye.

Chairperson Carlson asked if there were any other items of business. With no other items of business, Trustee Ingstad moved, seconded by Trustee Tubandt, that the meeting be adjourned at 7:15 p.m.

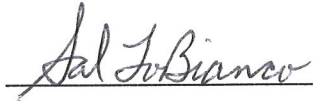
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA



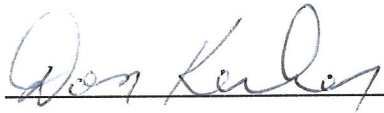
Donald W. Kerker
Board Secretary

CERTIFICATION FOR RECORDS

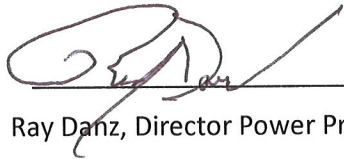
It is my understanding that my performance, as an employee of Muscatine Power and Water, is to be discussed by the Board of Water, Electric, and Communications Trustees at their meeting on May 31, 2011. I hereby request that such discussion be conducted in closed session in accordance with Chapter 21.5(1.i) of the Code of Iowa.



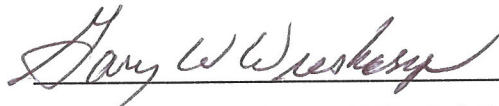
Sal LoBianco, General Manager



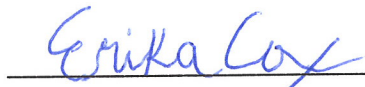
Donald W. Kerker, Director Finance & Administrative Services



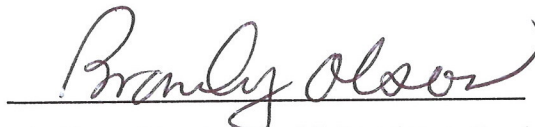
Ray Danz, Director Power Production & Supply



Gary Wieskamp, Director Utility Relations



Erika Cox, Director Customer & Employee Services



Brandy Olson, Director Legal & Regulatory Services