

**PUBLIC HEARINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 31, 2007**

The Board of Trustees conducted three public hearings at Muscatine Power and Water's Administrative Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, July 31, 2007.

The roll was called and the following Trustees were present: Trustees Warren Heidbreder, Joan Axel, and Don Mead. Trustees Scott Ingstad and Doyle Tubandt were 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; Messrs. Sal LoBianco, Ray Danz, Gary Wieskamp, and Meses. Erika Cox and Ann Jones of Muscatine Power and Water.

The purpose of the hearings was to receive any citizen's comments for or against the disposal of real estate, Units 7 and 8 traveling screen wash pump and motor, and Units 8 and 9 outside structure painting projects.

At 5:24 p.m., the Secretary opened a public hearing for the disposal of the de-energized substation sites located on Woodlawn Avenue and Northwood Lane.

Chairperson Heidbreder asked Secretary Kerker if any written or oral comments had been received regarding the disposal of the substation real estate located on Woodlawn Avenue and Northwood Lane and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if 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 Secretary asked if anyone in attendance wished to make any comments regarding the disposal of real estate. There were no comments.

The hearing was closed.

At 5:26 p.m., the Secretary opened a public hearing for Units 7 and 8 Traveling Screen Wash Pump and Motor Project.

Chairperson Heidbreder asked Secretary Kerker if any written or oral comments had been received regarding the Units 7 and 8 Traveling Screen Wash Pump and Motor Project and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if 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 Secretary asked if anyone in attendance wished to make any comments regarding this project. There were no comments.

The following resolution was submitted:

RESOLUTION 07-30

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for Units 7 and 8 Traveling Screen Wash Pump and Motor 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 Units 7 and 8 Traveling Screen Wash Pump and Motor Project be adopted.

Trustee Mead moved, seconded by Trustee Axel, that the said resolution should be passed, approved, and adopted on this 31st day of July 2007. On roll call Trustees Heidbreder, Axel, and Mead voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

The Secretary closed the hearing.

At 5:28 p.m., the Secretary opened a public hearing for Units 8 and 9 Outside Structure Painting – 2007 Project.

Chairperson Heidbreder asked Secretary Kerker if any written or oral comments had been received regarding Units 8 and 9 Outside Structure Painting – 2007 Project and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if 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 Secretary asked if anyone in attendance wished to make any comments regarding this project. There were no comments.

The following resolution was submitted:

RESOLUTION 07-31

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for Units 8 and 9 Outside Structure Painting – 2007 Project; and,

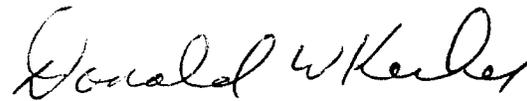
WHEREAS, bids have been received and there were no written or oral objections to proceeding with this project; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that the plans and specifications for Units 8 and 9 Outside Structure Painting – 2007 Project be adopted.

Trustee Axel moved, seconded by Trustee Mead, that the said resolution should be passed, approved, and adopted on this 31st day of July 2007. On roll call Trustees Heidbreder, Axel, and Mead voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

The Secretary closed the hearing.

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 written in a cursive style with a large initial "D".

Donald W. Kerker
Board Secretary

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 31, 2007—5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operation Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, July 31, 2007 at 5:30 p.m., CDT.

Chairperson Heidbreder called the meeting to order. Members of the Board were present as follows: Trustees Warren Heidbreder, Joan Axel, and Don Mead. Trustees Scott Ingstad and Doyle Tubandt were 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; Messrs. Sal LoBianco, Ray Danz, Gary Wieskamp, and Mses. Erika Cox and Ann Jones of Muscatine Power and Water. Ms. Jennifer Meyer, Muscatine Journal, arrived at 5:35 p.m.

At the June 21, 2007 City Council meeting Mayor O'Brien appointed Trustee Scott Ingstad to the Board of Trustees for a six-year term beginning July 1, 2007 through June 30, 2013 and the City Council ratified the appointment. Mr. Logel advised that Trustee Ingstad was originally appointed to the Board of Trustees in July 2001, so this was his second term on the Board. The Certificate of Appointment should be received and placed on file.

Trustee Axel moved, seconded by Trustee Mead, to receive and place on file the Certificate of Appointment for Scott Ingstad to the Board of Trustees for a period of July 1, 2007 through June 30, 2013. Motion carried. All Trustees present voted aye.

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

The minutes of the June 20, 2007 regular meeting were presented as previously submitted to all Board members in written form. Also included for the Board of Trustees' information was the Audit/Finance Committee June 20, 2007 meeting notes. Trustee Axel moved, seconded by Trustee Mead, that the June minutes be approved and the June Finance/Audit Committee meeting notes be received and placed on file as submitted. Motion carried. All Trustees present voted aye.

The list of expenditures and transactions for June was presented as previously submitted in written form to all Board members.

General discussion was conducted on the list of expenditures. Trustee Mead moved, seconded by Trustee Axel to ratify payment of \$6,439,152.38 for the Electric Utility, \$261,266.18 for the Water Utility, and \$779,043.93 for the Communications Utility for a total amount of \$7,479,462.49. Motion carried. All Trustees present voted aye.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to dispose of the de-energized substation located off of

Woodlawn Avenue and Northwood Lane. A notice was published in the newspaper soliciting bids for the Woodlawn and Northwood de-energized substation real estate. A letter was submitted to surrounding property owners advising of the property disposal and requesting bids for the property. Two bids were received for the Woodlawn real estate and one bid for the Northwood property. The bids were publicly opened and read aloud on July 17, 2007 at 2:00 p.m. Four individuals attended the bid opening.

After evaluation of the bids it was staff's recommendation that the bids submitted by Dr. Ben Hanssen in the amount of \$12,500 for the Northwood Lane de-energized substation property, and by Mr. Ben Holliday in the amount of \$12,625 for the Woodlawn Avenue de-energized substation property be accepted by the Board. After discussion and review the following resolutions were submitted.

**RESOLUTION 07-32
AUTHORIZING THE DISPOSAL OF REAL ESTATE
BY THE BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
NORTHWOOD LANE SUBSTATION**

WHEREAS, a resolution was adopted by Board of Water, Electric, and Communications Trustees ("Board") of the City of Muscatine, Iowa on the 20th day of June 2007, proposing to dispose of the following tracts of real estate located in the City of Muscatine, Muscatine County, Iowa and more particularly described to-wit:

A part of the North Half of Section 26, Township 77 North, Range 2 West of the Fifth Principal Meridian, described as follows, to wit: Commencing at the most Northerly corner of Brossart-Lucas Addition to the City of Muscatine, Muscatine County, Iowa; Line 1; Run thence Southeasterly along the Northeasterly line of said addition, a distance of 110 Feet; Line 2; Run thence North 51°14' East, at right angles to Line 1, a distance of 60 Feet; Line 3; Run thence Northwesterly parallel to Line 1, a distance of 110 feet; Line 4; Run thence South 51°14' West, parallel with Line 2, a distance of 60 feet to the point of beginning, and

A part of the North Half of Section 26, Township 77 North, Range 2 West of the Fifth Principal Meridian, described as follows, to wit; Commencing at the most Northerly corner of Brossart-Lucas Addition to the City of Muscatine, Muscatine County, Iowa; run thence Southeasterly, along the Northeasterly line of said addition, a distance of 110 feet to the true point of beginning: Line 1: Continue Southeasterly along said Northeasterly line a distance of 40 Feet; Line 2: Run thence North 51°14' East, at right angles to Line 1, a distance of 60 Feet; Line 3: Run thence Northwesterly, parallel to Line 1, a distance of 40 Feet; Line 4: Run thence South 51°14' West, parallel to Line 2, a distance of 60 Feet to the true point of beginning.

Excluding real estate conveyed to Ben F. Hanssen and Sharon K. Hanssen by Special Warranty Deed and Recorded in Book 341 of Lots, Page 356 at Muscatine County Recorder's Office. Said parcel conveyed to Ben F. Hanssen and Sharon K. Hanssen is described as follows:

A tract of land located in Section 26, Township 77 North, Range 2 West of the Fifth Principal Meridian, Muscatine County, Iowa, more particularly described as follows: Commencing at the Westerly corner of Lot 2 of McMullan Addition to the City of Muscatine, Iowa; thence South 38°51'16" East, 20 feet to the South corner of said Lot 2; thence South 51°8'44" West, 60 feet along the Northwesterly line of Lot 1 of McMullan Addition to the Northeasterly line of Brossart-Lucas Addition; thence North 38°51'16" West 20 feet along said Northeasterly line of Brossart-Lucas Addition; thence North 51°8'44" East, 60 feet to the Point of Beginning.

WHEREAS, the Board set a public hearing to be held July 31, 2007, at 5:24 o'clock p.m., on the disposal of the above described real estate; and,

WHEREAS, the Board published notice of the public hearing in the Muscatine Journal as required by Section 362.3, Iowa Code; and,

WHEREAS, the Board also published Notice to Solicit Bids for the sale of the above described real estate and set the time and place for receipt of bids; and,

WHEREAS, a bid was received on the above described real estate from Ben F. Hanssen, July 17, 2007 at 2:00 P.M. CDT, in the amount of \$12,500.00.

WHEREAS, the public hearing was held by the Board at the scheduled time and place; and,

WHEREAS, the Board has determined that the disposal of the above described real estate is in the best interest of the City of Muscatine; and,

WHEREAS, the above described real estate should be sold to Ben F. Hanssen and Sharon K. Hanssen, per his direction.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Chairperson and Secretary of the Board are directed to execute on behalf of the Board, a Special Warranty Deed to the above described real estate to Ben F. Hanssen and Sharon K. Hanssen.
2. The Special Warranty Deed shall be delivered to the said Hanssens upon their payment of \$12,500.00.

Trustee Axel moved, seconded by Trustee Mead, that the said resolution should be passed, approved, and adopted this 31st day of July 2007. On roll call Trustees Heidbreder, Axel, and Mead voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

RESOLUTION 07-33
AUTHORIZING THE DISPOSAL OF REAL ESTATE
BY THE BOARD OF WATER, ELECTRIC, AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
WOODLAWN SUBSTATION

WHEREAS, a resolution was adopted by Board of Water, Electric, and Communications Trustees ("Board") of the City of Muscatine, Iowa on the 20th day of June 2007, proposing to dispose of the following tracts of real estate located in the City of Muscatine, Muscatine County, Iowa and more particularly described to-wit:

Lot 11 of Orange Street Addition to the City of Muscatine, Iowa, excluding the North 62.5 feet of Lot 11 conveyed to Ben Donald Holiday and Diana Karen Holiday by Special Warranty Deed and recorded in Book 300 of Lots, Page 788 at Muscatine County Recorder's Office.

WHEREAS, the Board set a public hearing to be held July 31, 2007, at 5:24 o'clock p.m., on the disposal of the above described real estate; and,

WHEREAS, the Board published notice of the public hearing in the Muscatine Journal as required by Section 362.3, Iowa Code; and,

WHEREAS, the Board also published Notice To Solicit Bids for the sale of above described real estate and set the time and place for receipt of bids; and,

WHEREAS, two bids were received on the above described real estate on July 17, 2007 at 2:00 P.M. CDT. The high bid was from Ben Holliday and was in the amount of \$12,625.00.

WHEREAS, the public hearing was held by the Board at the scheduled time and place; and,

WHEREAS, the Board has determined that the disposal of the above described real estate is in the best interest of the City of Muscatine; and,

WHEREAS, the above described real estate should be sold to Ben Holliday.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Chairperson and Secretary of the Board are directed to execute on behalf of the Board, a Special Warranty Deed to the above described real estate to Ben Holliday.
2. The Special Warranty Deed shall be delivered to the said Ben Holliday upon his payment of \$12,625.00.

Trustee Mead moved, seconded by Trustee Axel, that the said resolution should be passed, approved, and adopted this 31st day of July 2007. On roll call Trustees Heidbreder, Axel, and Mead voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

The next meeting agenda item pertained to Units 7 and 8 Traveling Screen Wash Pump and Motor Project, and Mr. Logel reviewed the previously submitted memorandum to all Board members. This project was the result of an employee suggestion that could result in an annual savings of \$17,000.00. Currently city water was utilized to wash the traveling screens for Unit 7 and 8 and if river water was used to wash the screens the operational costs were reduced. Plans and specifications were mailed to eight potential bidders, and the published estimate for the project was \$38,700. Two bids were received and publicly opened July 3, 2007 at 2:30 p.m.

The specifications included an option for a duplex strainer. Staff has determined that a duplex strainer may be purchased at a lower cost than the optional costs in the submitted bids. The duplex strainer purchase will be included in the installation specifications for the pump and motor. The low bid in the amount of \$18,232.40 was received from Northway Well and Pump Company for Units 7 and 8 Traveling Screen Wash Pump and Motor project.

Staff has reviewed the low bid and established conformance to the specifications. There were no exceptions or clarifications to the plans and specifications by the low bidder. It was staff's recommendation that the bid in the amount of \$18,232.40 received from Northway Well and Pump Company be accepted and a contract awarded for Units 7 and 8 Traveling Screen Wash Pump and Motor.

After discussion and review the following resolution was submitted.

RESOLUTION 07-34

WHEREAS, it appears in a written report from the Board's staff that the bid as submitted by Northway Well and Pump Company in the amount of \$18,232.40 for Units 7 and 8 Traveling Screen Wash Pump and Motor 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 Northway Well and Pump Company in the amount of \$18,232.40 for Units 7 and 8 Traveling Screen Wash Pump and Motor 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; and,

BE IT FURTHER RESOLVED, that the bid security be returned to the unsuccessful bidders.

Trustee Axel moved, seconded by Trustee Mead, that the said resolution should be passed, approved, and adopted on this 31st day of July 2007. Trustees Heidbreder, Axel, and Mead, voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

Mr. Logel advised that bids were received July 3, 2007 at 3:00 p.m. for the Units 8 and 9 Outside Structures Painting – 2007 Project. Specifications for the project were mailed to eight bidders and five bids were received, and opened publicly. The published estimate for the project was \$90,000. The bids ranged from \$77,500.00 to \$148,000.00.

The lowest bid was submitted by Champion Coatings, Inc. in the amount of \$77,500.00. Staff reviewed the bids and established that the low bid conformed to the project specifications. There were no exceptions or clarifications to the project specifications by the low bidder. It was staff's recommendation that the low bid in the amount of \$77,500.00 from Champion Coatings, Inc. for Units 8 and 9 Outside Structures Painting – 2007 Project be accepted and a contract awarded for the project.

After discussion and review of the project the following resolution was submitted.

RESOLUTION 07-35

WHEREAS, it appears in a written report from the Board's staff that the bid as submitted by Champion Coatings, Inc. in the amount of \$77,500.00 for Units 8 and 9 Outside Structures Painting – 2007 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 Champion Coatings, Inc. in the amount of \$77,500.00 for Units 8 and 9 Outside Structures Painting – 2007 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; and,

BE IT FURTHER RESOLVED, that the bid security be returned to the unsuccessful bidders.

Trustee Axel moved, seconded by Trustee Mead, that the said resolution should be passed, approved, and adopted on this 31st day of July 2007. Trustees Heidbreder, Axel, and Mead, voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

Mr. Logel advised that it was management's recommendation that the price for MPW Cable expanded basic services price be increased effective September 1, 2007, and asked Mr. Gary Wieskamp, Director of Utility Relations, to review the recommendation.

Mr. Wieskamp reviewed the previously submitted memorandum to all Board members. Pursuant to the review of the Communications Utility operations and financial projections, it was recommended that the price for cable television and high-speed cable modem Internet services be adjusted effective September 1, 2007. The requirement for the increases was primarily due to the continued increases in programming costs, debt service requirements, and other general inflationary factors.

The recommendation was to increase only the price for MPW Cable's Expanded Basic Service by \$2.90 a month. This increase raised the cost for Basic and Expanded Basic Service from \$46.99 to \$49.89 per month. Additionally it was recommended that the General Manager continue to be responsible for establishing price tiers, promotional packages, premium services, and discounts to assure the financial viability of the Communications Utility. Mr. Wieskamp reviewed the previously submitted spreadsheets comparing MPW Cable monthly prices to other cable and satellite providers' prices, and the history of MPW Cable price adjustments.

It was also recommended that the MachLink Internet price for MachLink Turbo service be increased \$0.99 a month. The monthly fee for MachLink Turbo would be \$39.99 a month effective September 1, 2007.

Mr. Logel advised that a new programming service will be provided August 30, 2007 and the monthly cost for the Big Ten Network was more than \$1 per subscriber. With the increasing programming fees and debt service costs, it was necessary to increase the cable television prices.

General discussion was conducted on the recommendation. MPW Cable prices were less than the competition in the Davenport and Iowa City areas and MPW Cable prices were very competitive with satellite dish prices. MPW Cable provided broadcast services of local sport events, school activities, city parades, etc. and offered a 24x7 help desk service to all customers. After further review the following resolution was submitted.

RESOLUTION 07-36

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, that effective September 1, 2007 the Communications Utility's price structure for MPW Cable Basic Service shall be \$17.50 per month and MPW Cable Expanded Basic Service shall be \$32.39 per month; and,

BE IT FURTHER RESOLVED, that effective September 1, 2007 the Communications Utility's price structure for MPW MachLink Turbo cable modem Internet service shall be \$39.99 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 Mead, that the said resolution should be passed, approved, and adopted this 31st day of July 2007. On roll call Trustees Heidbreder, Axel, and Mead voted aye. Voting nay, none. Trustees Ingstad and Tubandt were absent.

Mr. Logel stated that included with the Board's meeting materials was a memorandum from the Audit/Finance Committee regarding the selection of auditors for the 2007 audit. The Board, in 2006, retained the firm of Virchow Krause & Company for three-years with an annual review option. This was the second year of the three-year engagement of Virchow Krause for auditing the Utility's records. The cost for the 2007 audit will be \$34,700.00. Management was

pleased with the performance of Virchow Krause. Trustee Heidbreder stated that the Audit Committee had met with the auditors and recommended the continued engagement of the firm. The firm provided senior, experienced team members and specialized in public utilities.

Trustee Mead moved, seconded by Trustee Axel, to engage the firm of Virchow Krause & Company LLP at a cost of \$34,700.00 for the 2007 audit of Muscatine Power and Water records. Motion carried. All Trustees present voted aye.

Mr. Logel asked Mr. Ray Danz, Director of Utility Operations, to review the next meeting item pertaining to PURPA Standards. Mr. Danz reviewed his previously submitted memorandum to all Board members.

The Energy Policy Act was signed into law August 8, 2005. Among the many provisions of this federal legislation were five new standards added to the Public Utility Regulatory Policies Act of 1978 (PURPA) that Muscatine Power and Water was obligated to consider. The PURPA standards applied only to utilities with total annual retail sales greater than 500,000,000 kilowatt-hours. Two of the five standards, Interconnection and Time-Based Metering and Communications, have been considered by the Board.

The remaining three PURPA standards were Net Metering, Fuel Sources, and Fossil Fuel Generation Efficiency that the Board of Trustees must begin a consideration of adoption by August 8, 2007. The Board of Trustees may decline to adopt or may implement the standards, but must state in writing the reason for its decision prior to August 8, 2008.

Mr. Danz continued that it was recommended that the Board solicit both written and oral comments from the community for consideration before formulating the Board's position on adoption or declining implementation of the PURPA standards. After staff has received and evaluated all comments, a recommendation will be submitted to the Board of Trustees for consideration on the three remaining PURPA standards. It was also recommended that the Board authorize staff to receive written and oral comments on the remaining three PURPA standards, to establish a public hearing to receive comments, that notices be published in the local newspaper regarding the Board's intent to receive oral and written comments, and to designate Messrs. Mark Nelson and John Simmons to represent the Board at the public hearing to receive written and oral comments. Staff suggested that the public hearing be conducted October 3, 2007, 1:00 p.m., at Muscatine Power and Water and written comments be received until the end of the business day October 2, 2007. Staff will review all written and oral comments received and prepare a written recommendation for the Board prior to the August 8, 2008 deadline.

After discussion and review of the recommendation, Trustee Axel moved, seconded by Trustee Mead, that comments be received from the citizens regarding the PURPA standards for Net Metering, Fuel Sources, and Fossil Fuel Generation Efficiency, a notice should be published twice that a public hearing will be conducted October 3, 2007, 1:00 p.m., at Muscatine Power and Water regarding the PURPA standards Net Metering, Fuel Sources, and Fossil Fuel Generation Efficiency, and Messrs. Mark Nelson and John Simmons were designated to receive all comments and to conduct the public hearing. Motion carried. All Trustees present voted aye.

Mr. Logel advised that after a discussion with Chairperson Heidbreder regarding Board Committee appointments it was determined that perhaps the Audit/Finance Charter should be

modified first. The Audit/Finance Committee's Charter included a statement stating no member will be appointed for more than five consecutive terms. It was being suggested that Trustee Ingstad be reappointed to the Audit/Finance Committee and this will be his fifth term. It was management's recommendation that the five-year consecutive term requirement be deleted from the Charter. With only five Board members, and the requirement to have an individual with accounting or related financial management expertise, it was difficult to comply with the five-year guideline; therefore, the recommendation to remove this guideline.

After discussion and review, Trustee Axel moved, seconded by Trustee Mead, to delete the statement, "No member will be appointed for more than five consecutive terms" from the Audit/Finance Charter. Motion carried. All Trustees present voting aye.

The following appointments were being recommended for the 2007/2008 year Board Committees:

Audit and Finance – Scott Ingstad as Committee Chair with Warren Heidbreder
Planning and Operations – Joan Axel as Committee Chair with Don Mead
Personnel and Public Relations – Doyle Tubandt as Committee Chair with Joan Axel

The Muscatine Area Geographic Information Consortium (MAGIC) appointment occurs in December. Currently Trustees Warren Heidbreder and Doyle Tubandt represented the Board of Trustees on the MAGIC Board. Trustee Heidbreder's two-year appointment will be completed in December 2007.

After discussion Trustee Mead moved, seconded by Trustee Axel, to receive and place on file the Board Committee appointments. Motion carried. All Trustees present voted aye.

Mr. Logel advised that the next meeting agenda item pertained to the Board Policy Manual and asked Mr. Wieskamp to review the proposed change/updates to the manual. Mr. Wieskamp stated that the manual had been updated to address several issues. The changes included: the addition of the Critical Issues and Key Performance Indicators to the quarterly report listing; the public bidding policy was revised to reflect recent Iowa law changes and was an exhibit to the manual; the expenditure policy was updated to reflect various internal changes; the section pertaining to PURPA was revised to include the Board's action pertaining to the standards; the theft policy regarding Utility services was revised and updated; and the inclusion of the power sale/purchase agreement approval procedure approved by the Board of Trustees in February 2007.

Mr. Wieskamp advised that the manual was previously submitted to all Board members in a "redline/track mode" for their review. No action was being requested this evening. At the August 28, 2007 Board meeting, it will be recommended that the policy manual be approved. If there were any questions, or comments regarding the manual, please let management know prior to the next meeting.

In the General Manager's report Mr. Logel reviewed his previously submitted memorandum to all Board members. Enclosed with the memorandum was a copy of a letter to be submitted to all cable television customers regarding the expanded basic price increase.

The December Board of Trustees meeting falls on December 25, 2007, the last Tuesday of the month. It was Mr. Logel's suggestion that the meeting be changed to December 20, 2007 the Thursday before the Christmas holiday day. Trustee Mead moved, seconded by Trustee Axel, to conduct the December Board of Trustees meeting on December 20, 2007 at 5:30 p.m. Motion carried. All Trustees present voted aye.

Mr. Logel distributed copies of the 2007 Fact Book. This was a "pocket" reference book pertaining to all three utilities and was quick guide to various stats.

Mr. Logel stated that concluded the General Manager's report, unless there were questions for him or management.

The Year-To-Date and June financial operating statements and balance sheets for Water, Electric, and Communications Utilities were presented to the Board as previously submitted in written form to all Board members.

Included with the monthly financial operating statements was the year-to-date financial review for the Board's information. Mr. Don Kerker, Director of Finance and Administrative Services, briefly recapped the financial information for all three Utilities.

The Electric Utility had strong wholesale sales through June that contributed to an improved "bottom line" compared to the budget. There were higher production fuel and purchased power and maintenance expenditures due to the higher electric sales and repairs from the June 1 tornado. The Water Utility experienced higher contract sales, approximately eleven percent over budget, through June with lower maintenance costs. The Communications Utility cable modem revenue was higher than anticipated due to more customers.

Trustee Mead moved, seconded by Trustee Axel, to receive and place on file the Year-To-Date and June financial reports for all Utilities, and the Quarterly Investment Report. Motion carried. All Trustees present voted aye.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted in written form to all Board members. Mr. Logel advised that this was a quarterly report on the status of all Board approved projects. These projects were in excess of \$100,000, were included in the annual Operating Budget, or approved by the Board as individual projects and therefore incorporated in the Quarterly Project Status Report. The second part of the report was a variance analysis of all projects that were under or over the approved budget amount by more than ten percent. Each quarter these reports were provided in written format to the Board of Trustees, management reviewed the reports, and requested the Board of Trustees approval of the status and variance reports.

This quarter there were four completed projects, that were more than ten percent under the budget amount, and one project was cancelled. General discussion was conducted on the proposed water main project that was "on-hold" until easements were obtained from the property owners. The route of the water main was being investigated as to the feasibility of a different route for the twenty-four inch water main project.

Trustee Axel moved, seconded by Trustee Mead, that the 2007 Second Quarter Project Status Report and Variance Analysis be approved as submitted. Motion carried. All Trustees present voted aye.

The monthly Competitive Quotes for Public Improvement report was presented as previously submitted to all Board members. This report addressed any public improvement projects over \$40,000 but under \$100,000 that competitive quotes were requested during the month. There were no awards in the month of June. The report was received and placed on file.

The Second Quarter Critical Issues and Key Performance Indices were presented as previously submitted in written format to all Board members. Trustee Mead moved, seconded by Trustee Axel, to receive and place on file the 2007 Second Quarter Critical Issues and Key Performance Indices. Motion carried. All Trustees present voted aye.

The June departmental reports were presented as previously submitted in written form to all Board members. Mr. Logel advised that the June 1 tornado costs were in the \$700,000 range for all three Utilities. The storm was not declared as a state or federal disaster area therefore funding will not be available, and there was no insurance coverage for any of the damages. Trustee Axel moved, seconded by Trustee Mead, to receive and place on file the June departmental reports. Motion carried. All Trustees present voted aye.

Trustee Mead moved, seconded by Trustee Axel, that the meeting be adjourned. The meeting stood adjourned at 7:10 p.m.

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



Donald W. Kerker
Board Secretary

Prepared by: Duane J. Goedken, 319 E 2nd St., Muscatine, IA 52761
Return to Ben Holliday, 1621 Orange St. Muscatine, IA 52761
Mail tax bill to: Ben Holliday, 1621 Orange St. Muscatine, IA 52761

AFFIDAVIT
Woodlawn Substation

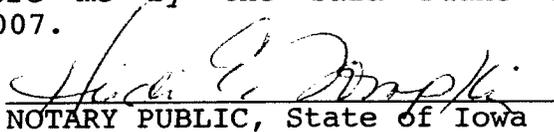
STATE OF IOWA, MUSCATINE COUNTY, ss:

I Duane J. Goedken, state that I am the attorney for the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa. This affidavit is filed to explain an error in the legal description of three documents (Resolution dated June 20, 2007 by said Board and the two publications of notice) all of which are recorded as Document No. 2007-_____ in the Office of the Recorder of Muscatine County, Iowa. The legal description in these three documents excludes certain real estate from the conveyance. The exclusion refers to the North 625 feet of Lot 11 of Orange Street Addition. A decimal point was missed and the 625 feet should be 62.5 feet. This error was corrected in the Resolution adopted by the said Board July 31, 2007, and the Special Warranty Deed from the said Board to Ben Holliday, all a part of the above Document number. The typographical error is not substantive as it is an exclusion to the real estate being conveyed.

DATED this 10th day of August 2007.


Duane J. Goedken

Subscribed and sworn to before me by the said Duane J. Goedken on this 10th day of August 2007.


NOTARY PUBLIC, State of Iowa



Prepared by: Duane J. Goedken, 319 E 2nd St., Muscatine, IA 52761
Return to B.F. Hanssen, 1227 Northwood Ln, Muscatine, IA 52761
Mail tax bill to: B.F. Hanssen 1227 Northwood Ln, Muscatine, IA 52761

**AFFIDAVIT
Northwood Substation**

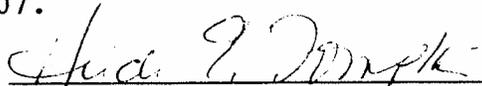
STATE OF IOWA, MUSCATINE COUNTY, ss:

I Duane J. Goedken, state that I am the attorney for the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa. This affidavit is filed to explain an error in the legal description of three documents (Resolution dated June 20, 2007 by said Board and the two publications of notice) all of which are recorded as Document No. 2007- 05290 in the Office of the Recorder of Muscatine County, Iowa. The legal description in these three documents excludes certain real estate from the conveyance. The last part of the exclusion contains a surveyor's call "thence North 51°8'44" East 50 feet". 50 feet is a typographical error and should be 60 feet. This error was corrected in the Resolution adopted by the said Board July 31, 2007, and the Special Warranty Deed from the said Board to Ben F. Hanssen and Sharon K. Hanssen, all a part of the above Document number. The typographical error is not substantive as it is an exclusion to the real estate being conveyed and describes a piece of real estate that was previously conveyed by said Board to the said Hanssens.

DATED this 9th day of August 2007.


Duane J. Goedken

Subscribed and sworn to before me by the said Duane J. Goedken on this 9th day of August 2007.


NOTARY PUBLIC, State of Iowa

