

**PUBLIC HEARING OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
MAY 29, 2007**

The Board of Trustees conducted a public hearing at Muscatine Power & Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa on Tuesday, May 29, 2007.

The roll was called and the following were present: Trustees Joan Axel, Warren Heidbreder, Scott Ingstad, Don Mead, and Doyle Tubandt.

Also present were Mr. Jay D. Logel, General Manager of Muscatine Power and Water; Mr. Duanè J. Goedken, Board Attorney; Mr. Donald W. Kerker, Board Secretary, Messrs. Hal Larsen, Alfred Airola, Troy Ross, Greg Fredrich, Lutheran Homes; Messrs. Sal LoBianco, Ray Danz, Gary Wieskamp, and Mses. Erika Cox and Ann Jones of Muscatine Power and Water.

The purpose of the hearing was to receive any written or oral comments about the proposed project.

At 5:28 p.m., the Secretary opened the public hearing for the 8C Switchgear Replacement Project.

Chairperson Axel asked Secretary Kerker if any written or oral comments had been received regarding the 8C Switchgear Replacement Project, and the Secretary replied that no comments had been received. The Chairperson asked the Secretary if publication of 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. Chairperson Axel asked for a resolution to approve the final plans and specifications for the project. The following resolution was submitted:

**RESOLUTION 07-24**

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, has given tentative approval to plans and specifications for the 8C Switchgear Replacement 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 the 8C Switchgear Replacement Project be adopted.

Trustee Tubandt moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted this 29<sup>th</sup> day of May 2007. On roll call Trustees Axel, Heidbreder, Ingstad, Mead, and Tubandt voted aye. Voting nay, none.

The Secretary closed the hearing.

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

A handwritten signature in cursive script that reads "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  
MAY 29, 2007 – 5:30 P.M.**

The Board of Trustees met in regular session at Muscatine Power and Water's Administration Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, May 29, 2007, at 5:30 p.m., CDT.

The meeting was called to order. Members of the Board were present as follows: Trustees Joan Axel, Warren Heidbreder, Scott Ingstad, Don Mead, and Doyle Tubandt.

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. Hal Larsen, Alfred Airola, Troy Ross, Greg Fredrich, Lutheran Homes; Messrs. Sal LoBianco, Ray Danz, Gary Wieskamp, and Mses. Erika Cox and Ann Jones of Muscatine Power and Water.

Chairperson Axel asked if there were any comments from the public. There were no public comments.

The minutes of April 24, 2007 public hearings and regular meeting were presented as previously submitted to all Board members in written form. Trustee Ingstad moved, seconded by Trustee Mead, that the minutes be approved as submitted. Motion carried. All Trustees voted aye.

The list of expenditures and transactions for April was presented as previously submitted to all Board members in written form. Mr. Logel advised that the April expenditures included purchased power for Unit 9's maintenance outage, annual insurance renewals, and the purchase of coal and transportation.

Trustee Ingstad inquired about the expenditure to Measure X. Mr. Logel stated that this firm conducted employee training for all employees regarding both internal and external customer service.

After further review and discussion, Trustee Ingstad moved, seconded by Trustee Tubandt, to ratify payment of \$8,872,436.38 for the Electric Utility, \$312,107.73 for the Water Utility, and \$809,658.09 for the Communications Utility for a total of \$9,994,202.20. Motion carried. All Trustees voted aye.

Mr. Logel advised that the next agenda item pertained to a letter received from Lutheran Homes Board making a formal request to the Board of Water, Electric, and Communications Trustees to accept ownership of the ten-inch water main located from the west side of Highway 61 Bypass to Lutheran Homes facilities. Mr. Logel asked Mr. Ray Danz, Director of Operations, to review the history of this water main agreement with Lutheran Homes.

Mr. Danz reviewed the previously submitted memorandum to all Board members which included a copy of the Lutheran Homes request letter. He stated that the original agreement

with Lutheran Homes was entered July 16, 1960. The agreement allowed Lutheran Homes to construct a ten-inch water main from Charles Street to the Lutheran Homes facilities. In 1963 Lutheran Homes signed a twenty-five year agreement with Bandag that allowed Bandag to install a ten-inch water main to serve their facility and attach it to Lutheran Homes' ten-inch water main. The water main extension allowed Bandag to purchase city water for their facility. In 1981 the Lutheran Homes agreement was amended to change the billing cycle from quarterly to monthly, and to relocate the metering point. By relocating the metering point Lutheran Homes and Bandag water consumption would be billed at their respective facility, thus improving the billing accuracy for both parties.

The Lutheran Homes agreement was amended again in March 1988 and the Board of Water, Electric, and Communications Trustees accepted ownership of the Lutheran Homes ten-inch water main from Charles Street to the City's corporate limits, located west of Highway 61 Bypass. The Board accepted ownership of the water main in exchange for having sole right to exclusively determine future connections to the water main including the portion outside the city limits owned by Lutheran Homes. The Board can not allow any connections to the water main that would reduce the water flows below the existing levels at the time of the contract amendment. Lutheran Homes would not receive a connection fee or share any revenues associated with the sale of water to other parties connected to the water main outside of the city limits.

Mr. Danz continued that in 1993 the Board authorized a water supply agreement with Hickory Hills Subdivision. The Hickory Hills Subdivision Association constructed a water main and connected to the Lutheran Homes water main outside the city limits. Water flows to the Hickory Hills Subdivision were limited to one hundred fifty gallons per minute and metered separately.

The Iowa Department of Transportation (IDOT) will construct an overpass at the Highway 61 Bypass and Hershey Avenue intersection. The overpass project was expected to commence January 2008. IDOT has notified Lutheran Homes and Muscatine Power and Water that the ten-inch water main located inside and outside the city limits must be relocated for the overpass construction. IDOT will not pay for the relocating of the water main. IDOT will incorporate the water main relocation work into the contracts they administer for the overpass construction and will bill the applicable party for the relocation costs.

MP&W plans to pay IDOT for increasing the water main size from the current ten-inch main located within the city limits to a twelve-inch main to meet future growth within this area. MP&W future plans for the water system include a new thirty-inch water main along the Bypass and this will allow the connection to the new twelve-inch water main. The estimated cost to relocate and upsize the water main within the city limits was \$108,000.00 and will be included in the 2008 Water Utility Operating Budget.

A separate issue pertains to Lutheran Homes' requirement for additional water at their facility for fire protection flows. These requirements did not exist in 1988 when the water main agreement was last modified. It was recommended that Lutheran Homes increase their ten-inch water main to a twelve-inch main. The estimated cost for the Lutheran Homes to relocate their ten-inch water main due to the IDOT project was \$73,000.00. The customers attached to

the Lutheran Homes water main were not in the construction area and will not be affected by the relocation of the water main. If Lutheran Homes decides to increase the size of the water main from a ten-inch to a twelve-inch the total estimated cost to install a twelve-inch water main from the Bypass to the Lutheran Homes facilities was estimated to be \$150,000.00. To increase the water main size in the construction area only, the estimated cost was \$89,000.00.

Mr. Logel stated that it was not in the best interest of MP&W's consumers to comply with Lutheran Homes request to accept ownership of the water main outside the city limits and pay for the relocation of the water main.

Mr. Hal Larsen, Lutheran Homes' Board President, asked to address the Board of Trustees. The Lutheran Homes is a provider of important services to the Muscatine community and employs a number of Muscatine residents. Lutheran Homes accepts individuals without the funds to pay for their services. The Lutheran Homes is not in a position to absorb the cost to relocate the water main. The Lutheran Homes would like to appeal to the Board's broadened sense of commitment to the community at large in providing municipal water services and respectfully request that under the circumstances assistance be extended to the Lutheran Homes with this substantial, non-budgeted, expense.

General discussion was conducted on the request. Mr. Larsen stated that the Lutheran Homes Board is open to discussion to resolve this issue. Mr. Logel asked the Lutheran Homes representatives if any discussion had been conducted with Bandag and Hickory Hills Subdivision representatives regarding monetary support to the Lutheran Homes for relocating this water main. Mr. Larsen stated that the other parties have not been contacted about this situation. Mr. Larson continued that the IDOT project was going to cause numerous challenges to Lutheran Homes. IDOT has indicated that Hershey Avenue will be closed for a year and that will require emergency responders to travel several miles around to provide services to Lutheran Homes. All employees and visitors to the Lutheran Homes must also travel extra miles due to Hershey Avenue being closed for over a year to complete the overpass construction.

The total cost for relocating the water main within and outside the city limits is estimated at \$250,000.00, which included upsizing the ten-inch main to a twelve-inch water main.

It was suggested that this issue be tabled by the Board of Trustees and MP&W management meet with Lutheran Homes' representatives to discuss the feasibility of a solution.

Trustee Mead moved, seconded by Trustee Tubandt, to table the Lutheran Homes' request for the Board of Trustees to accept ownership of the ten-inch water main outside the city limits from Highway 61 Bypass to the Lutheran Homes facilities. Trustees Axel, Ingstad, Mead, and Tubandt voted aye. Trustee Heidbreder abstained from voting. Motion carried.

Messrs. Larsen, Airola, Ross, and Fredrich left the meeting at 6:15 p.m.

Earlier this evening a public hearing was conducted for the 8C Switchgear Replacement Project, and there were no comments or objections regarding this project. Mr. Logel reviewed

the previously submitted memorandum to all Board members and stated that bids were received on May 1, 2007. The published estimate for this project was \$144,000.

The bidders were asked to submit a base bid and were invited to submit alternate bids. The apparent low bidder, Hupp Engineered Products, submitted an alternate bid in the amount of \$87,576.22 but did not submit a base bid. The lack of a base bid did not impact the proposed alternate bid or staff's evaluation of the alternate bid. The bid amounts ranged from \$87,576.22 to \$340,031.35. Mr. Logel asked Mr. Sal LoBianco, Director of Generation and Telecommunications, to review the previously submitted memorandum to all Board members.

Mr. LoBianco stated that the alternate bid submitted by Hupp Engineered in the amount of \$87,576.22 proposed the reuse of the existing circuit breaker housing, bus connections, and control cable connections by converting/retrofitting the existing breakers. The proposal allowed the work to be completed in a staged method and therefore will not require a combined outage of Units 7 and 8 to complete the upgrade work. All of the other bids would require a combined outage of Units 7 and 8 and could result in an extension of Units 7's and 8's outage if the work was not completed in the allotted time.

Attorney Goedken advised that there were exceptions in the Hupp alternate bid regarding work to be paid on a time and material basis. Staff evaluated the cost for the work to be completed on a time and material basis and secured from Hupp a "not-to-exceed" amount for the time and material work. The work to be completed on a time and material cost basis are MOC switch replacement and replacing the open relays with closed relays in an amount not-to-exceed of \$13,600 for a total alternate bid amount of \$101,176.22 from Hupp.

All bidders were asked to submit bids for the retrofit or replacement of the spare breakers associated with the switchgear. Hupp's bid for this work was \$19,591.11 per breaker. The next low bidder for the retrofit or replacement of spare breakers was submitted by Tri-City Electric Company in the amount of \$15,000 to \$20,000 per breaker. MP&W has three spare breakers and staff recommended that two of the three spares be retrofitted by Hupp at a total cost of \$39,182.22.

The approved budget amount for the 8C Switchgear Replacement Project was \$183,000. It was staff's recommendation that Hupp's alternate bid in the total amount of \$101,176.22 and the optional bid of \$39,182.22 for retrofitting two spare breakers be accepted and a contract awarded to Hupp Engineered Products in the total amount of \$140,358.44.

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

#### **RESOLUTION 07-25**

WHEREAS, it appears in a written report from the Board's staff that the alternate and optional bids as submitted by Hupp Engineered Products in the total amount of \$140,358.44 for the 8C Switchgear Replacement Project was the best and lowest bids 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 Hupp Engineered Products in the total amount of \$140,358.44 for the 8C Switchgear Replacement 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 Heidbreder moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of May 2007. Trustees Axel, Heidbreder, Ingstad, Mead, and Tubandt voted aye. Voting nay, none.

Mr. Logel stated that the next item pertained to the Unit 9 boiler feed pump project and a recommendation to revise the approved project. Mr. Logel asked Mr. LoBianco to review the recommendation.

Mr. LoBianco reviewed his previously submitted memorandum to all Board members. The recommendation was to cancel the approved project for replacing Unit 9's boiler feed pump motors in the amount of \$176,000 and to approve a different project for the Repair/Replacement of Unit 9 Boiler Feed Pump Base at an estimated cost of \$306,425. Unit 9's boiler feed pumps have had a vibration problem from day one of the Unit's start-up and over the years various modifications and repairs have been completed on the boiler feed pumps without any major success. Unit 9 has two fully redundant boiler feed pumps, and it was necessary to operate both pumps during periods of very high ambient temperatures to maintain the motor vibration levels within operating limits. The motor replacement project was proposed to remedy ongoing reliability concerns related to the chronic high vibration issue. Another issue with the current boiler feed pump motors is the long warm-up period required in order to load the pump system; the original design criteria was to have rapid availability of the spare pump to ensure Utility reliability.

During the investigation and engineering phases of the motor replacement project, evidence was identified that suggests that the motor issue may be caused by an unstable motor base. Further analysis of the issue, and concerns expressed by motor vendors have reinforced the concern about the stability of the motor base. It was staff's recommendation that in lieu of purchasing a new motor and installing the motor on an unstable base, that a project for the replacement of the motor base and reuse of the existing motor be approved. The estimated cost for Unit 9A's Boiler Feed Pump Base Repair/Replacement Project was \$306,425, which included a twenty-five percent contingency. Mr. LoBianco stated that the contingency was higher than normal because construction costs have been rapidly increasing due to the high industry demand for labor and material resources. The 2007 project for replacing the boiler feed pump motors in the amount of \$176,000 would be canceled. The impact on the 2007 Electric Utility Capital Budget would be a decrease of \$78,500 because only the design and

engineering costs for the motor base will be expended in 2007. The remaining costs will be included in the 2008 Electric Utility Capital Budget.

The boiler feed pumps are critical equipment for Unit 9. Maintaining the integrity was essential to ensuring high unit availability and reliability. The proposed base construction would occur during Unit 9's 2008 spring outage. If the motor base replacement for 9A boiler feed pump was successful, the second boiler feed pump (9B) base would be budgeted for replacement in 2009. In addition the replacement of the motors may be budgeted in the future to solve the rapid start issue and to ensure ongoing unit reliability.

After discussion and review of the project Trustee Tubandt moved, seconded by Trustee Heidbreder, to approve the 9A Boiler Feed Pump Base Repair/Replacement Project in the estimated amount of \$306,425. Motion carried. All Trustees voted aye.

Mr. Logel stated that all salaried employees were annually evaluated and were eligible for salary adjustments July 1 based on the Salary Administration Program. The Salary Administration Program included all employees not subject to the bargaining unit agreement. The purpose of the program was to fairly compensate, to maintain and to attract qualified employees. In 2006 the program was redesigned to place additional emphasis on employee performance and to combine the executive and salary employees into one program instead of two separate programs. The Board's Personnel and Public Relations Committee met May 21, 2007 to review data prepared by management. Mr. Logel asked Ms. Erika Cox, Director of Employee Services, to review the data.

Ms. Cox indicated that in order to implement the 2007 salary adjustments it was necessary for the Board of Trustees to authorize the expenditure. It was management's recommendation that an expenditure of three and one-half percent of payroll be allocated for salary adjustments based on employee's performance evaluation. In addition it was recommended an amount of \$62,600 be allocated for recognition of exceptional employee performance and/or for market conditions subject to the General Manager's approval.

General discussion was conducted on the program and recommendations. Mr. Logel stated that salary adjustments were based on the employee's placement within their salary grade and their performance evaluation. This was not an "across-the-board" wage adjustment; there will be employees that do not receive an increase. Discussion was conducted on goal setting and tools management utilized in performance evaluation. The bargaining agreement grants six-month review and salary adjustments for employees below the journeyman status.

Trustee Mead moved, seconded by Trustee Tubandt, to approve the 2007 Salary Administration Program expenditure in the amount of three and one-half percent of payroll for executive and salaried employees with salary performance adjustments effective July 1, 2007 and \$62,600 for equity adjustments. Motion carried. All Trustees voted aye.

Mr. Logel reviewed the previously submitted memorandum to all Board members regarding the recommendation to set dates for receipt of bids and to conduct a public hearing for Units 8 and 9 Outside Structures Painting. Two projects were included in the 2007 Electric Utility Operating Budget to paint portions of the exterior structural steel at Units 8 and 9. It was



recommended that plans and specifications be tentatively approved for surface preparation, materials, equipment and labor for painting various outside structures at Units 8 and 9, and that bids be received on July 3, 2007 at 3:00 p.m. with a public hearing at 5:28 p.m. on July 31, 2007.

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

#### **RESOLUTION 07-26**

WHEREAS, plans and specifications have been prepared for Units 8 and 9 Outside Structures Painting – 2007 Project; and,

WHEREAS, said proposed plans and specifications and proposed form of contract were now on file with the Secretary of the Board and the Board finds the same were in substantial conformity with the requirements necessary to carry out said plans; 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 in the proposed form for Units 8 and 9 Outside Structures Painting – 2007 Project was tentatively approved; and,

BE IT FURTHER RESOLVED, that the date of July 3, 2007, at 3:00 p.m., CDT, was hereby set for receipt of bids on said project at which time the Board's duly appointed representative was hereby authorized, empowered, and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice to bidders be published not less than twenty (20) days nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held in the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on July 31, 2007, at 5:28 p.m., CDT, and notice to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the Code of Iowa.

Trustee Ingstad moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of May 2007. Trustees Axel, Heidbreder, Ingstad, Mead, and Tubandt voted aye. Voting nay, none.

Mr. Logel stated that previously bids were received and rejected by the Board of Trustees for Units 7 and 8 Traveling Screen Wash Pump, Motor, and Variable Frequency Drive Project. The bids received exceeded the approved Electric Utility Operating Budget amount therefore all bids were rejected and the plans and specifications were modified by staff.

The 2007 project for the purchase and installation of a traveling screen wash pump, motor, and variable frequency drive was estimated to cost \$110,000. The procurement of the pump, motor and variable drives was estimated at \$43,000. The installation of the equipment will be scheduled for late 2007. It was staff's recommendation that bids be received July 3,

2007 at 2:30 p.m. and a public hearing be conducted at 5:26 p.m. on July 31, 2007. The published estimate for this procurement was \$38,700.

The following resolution was submitted.

#### **RESOLUTION 07-27**

WHEREAS, plans and specifications have been prepared for Units 7 and 8 Traveling Screen Wash Pump, Motor, and Variable Frequency Drive; and,

WHEREAS, said proposed plans and specifications and proposed form of contract were now on file with the Secretary of the Board and the Board finds the same were in substantial conformity with the requirements necessary to carry out said plans; 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 in the proposed form for Units 7 and 8 Traveling Screen Wash Pump, Motor, and Variable Frequency Drive was tentatively approved; and,

BE IT FURTHER RESOLVED, that the date of July 3, 2007, at 2:30 p.m., CDT, was hereby set for receipt of bids on said project at which time the Board's duly appointed representative was hereby authorized, empowered, and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice to bidders be published not less than twenty (20) days nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held in the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, on July 31, 2007, at 5:26 p.m., CDT, and notice to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the Code of Iowa.

Trustee Ingstad moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted on this 29<sup>th</sup> day of May 2007. Trustees Axel, Heidbreder, Ingstad, Mead, and Tubandt voted aye. Voting nay, none.

In the General Manager's report Mr. Logel reviewed his previously submitted memorandum to all Board members. At the March Board meeting an energy sale agreement was authorized with the City of Pella, Iowa. The two-year agreement was for seven megawatts at an eighty-five load factor and begins June 1, 2007.

Mr. Logel asked Mr. Danz to review other energy transactions for the month of June. Mr. Danz indicated that the 2007 Electric Utility Operating Budget included monies for the purchase of a transmission path for exporting energy. Rainbow Energy, one of MP&W's marketing firms, was able to obtain a twenty-five megawatt transmission path from MP&W to the Western Area Power Authority or WAPA. The path was purchased for the period of May 2007 through December 2007.

Two additional energy sales have been completed for the month of June. Both sales were through MP&W's marketers to WAPA. One was for forty megawatts and the second sale was for twenty-five megawatts.

Mr. Logel stated that MP&W was continually looking at alternative fuel sources for the generation of electricity. Included in the 2007 Electric Utility Budget was a project for a wind power demonstration unit. The goal for the wind project was to expand MP&W's green power program by installing a small wind generator, approximately 1.8 kilowatt, at the Administration/Operations Center. Within the next few weeks the wind generator will be installed and should be operational this summer.

Mr. Logel reminded the Board that the June monthly meeting will be conducted on June 20, 2007 at 5:30 p.m. The meeting was changed due to the conflict with the American Public Power Conference the last week of June. This concluded Mr. Logel's report unless there were questions for him or management.

The April financial operating statements and balance sheets for Electric, Water, and Communications Utilities were presented as previously submitted to all Board members in written form.

Mr. Kerker reviewed the operating statements and balance sheets for all three Utilities. The Electric statement on page four indicated a strong year with wholesale sales exceeding the budget amount. The Water Utility was also experiencing a good year with net income above budget by \$40,000. The Communications Utility has higher than projected revenue from data sales and reduced expenses; therefore performing above the budget amount.

Trustee Ingstad moved, seconded by Trustee Mead, that the April financial operating statements and balance sheets be received and placed on file. Motion carried. All Trustees voted aye.

The Competitive Quotes for Public Improvements Report was previously submitted to all Board members in written format. Quotes were received for Unit 8's coal bunkers to install three isolation gate cleanouts and over twenty-seven air cannon openings. Two bids were received for this maintenance expense item and the quote received from Lewis Industrial Services in the amount of \$29,800 was accepted.

Trustee Tubandt moved, seconded by Trustee Mead, to approve the April Competitive Quotes for Public Improvement Report. Motion carried. All Trustees voted aye.

The April departmental reports were presented as previously submitted to all Board members in written form. Mr. Logel stated that recently there were news media stories regarding investor-owned utilities initiating automatic metering reading. In the Operations Project and Construction Progress Report was the status of Muscatine Power and Water's automated metering program. The large industrial customers have automatic metering capabilities, aided by the fiber optic system installed by the Communications Utility.

Trustee Tubandt moved, seconded by Trustee Ingstad, to receive and place on file the April departmental reports. Motion carried. All Trustees voted aye.

A brief break was taken at 7:20 p.m. Mr. Logel 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 completed by the Board of Trustees.

Trustee Ingstad moved, seconded by Trustee Mead, 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. On roll call vote Trustees Mead, Axel, Ingstad, Heidbreder, and Tubandt voted aye. Voting nay, none.

The meeting was closed to the public at 7:25 p.m. Messrs. Wieskamp, Danz, LoBianco, Kerker, and Mses. Cox and Jones left the meeting. At 7:35 p.m. Mr. Logel left the closed session.

At 7:55 p.m. the meeting was reconvened to open session.

Trustee Mead moved, seconded by Trustee Ingstad, to ratify salary adjustments effective July 1, 2007 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.

The meeting stood adjourned at 8:00 p.m., CDT.

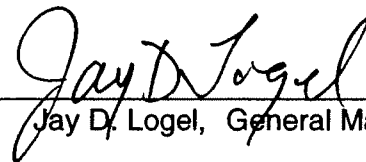
BOARD OF WATER, ELECTRIC,  
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OF THE CITY OF MUSCATINE, IOWA



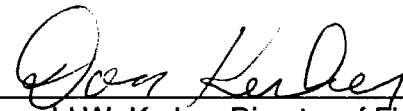
Donald W. Kerker  
Board Secretary

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 29, 2007. I hereby request that such discussion be conducted in closed session in accordance with Chapter 21.5(1.i) of the Code of Iowa.



Jay D. Logel, General Manager



Donald W. Kerker, Director of Finance & Administrative Services



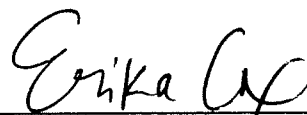
Sal LoBianco, Director of Generation & Telecommunications



Ray Danz, Director of Utility Operations



Gary Wieskamp, Director of Utility Relations



Erika Cox, Director of Employee Services