

OFFICIAL PROCEEDINGS OF THE  
BOARD OF WATER, ELECTRIC,  
AND COMMUNICATIONS TRUSTEES  
OF THE CITY OF MUSCATINE, IOWA  
May 25, 2010 – 5:30 P.M.

The Board of Trustees met in regular session at Muscatine Power and Water's Administration/Operations Building, 3205 Cedar Street, Muscatine, Iowa, on Tuesday, May 25, 2010, at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Donald W. Kerker, Board Secretary; Duane J. Goedken, Board Attorney; Amy Cahill, Muscatine Journal; Gary Wieskamp, Ray Danz, Erika Cox, Brandy Olson, Jeff Beer, Brad Spratt, Andy Datta, Mark Nelson and Brenda Christensen of Muscatine Power and Water. Also present were Charles Lorensen, 1808 Briarwood Lane; and Mike Galloway of Ahlers & Cooney P.C.

Chairperson Ingstad asked if there was anyone in attendance who wished to make any public comments. Mr. Charles Lorensen asked to address the Board of Trustees. Mr. Lorensen explained concerns that he has regarding his MP&W Digital TV and local advertisements. Chairperson Ingstad thanked Mr. Lorensen for his comments. There were no further public comments.

Mr. Lorensen left the meeting.

The minutes of the April 27, 2010, regular meeting were presented as previously submitted to all Board members in written form. Trustee Carlson moved, seconded by Trustee Heidbreder, 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. After review and discussion, Trustee Heidbreder moved, seconded by Trustee Axel, to ratify payment of \$5,209,891.01 for the Electric Utility, \$270,436.99 in the Water Utility, and \$754,421.10 for the Communications Utility for a cumulative total of \$6,234,749.10. Motion carried. All Trustees present voted aye.

Mr. LoBianco reminded the Board that 2010 Operating Budgets for the Electric, Water and Communications Utilities were presented at the October 27, 2009 Board of Trustees Meeting, revisions to the expense budgets were made and the Operating Budgets were approved by the Board at their November 24, 2009 meeting. Mr. LoBianco continued that in order to meet expense reduction targets established, that he and his staff would not be requesting a merit increase for salaried employees in 2010. This action along with other actions taken to reduce labor expenses in 2010 will contribute positively towards managing

cash reserves and will help control the magnitude of future rate increases and resultant burden on our customer/owners. Mr. LoBianco introduced Erika Cox, Director Customer and Employee Services, to further review labor expense reductions accomplished to date, historical program information and competitive salary data. Ms. Cox reviewed actions that had been taken to date as it related to labor and benefit expenses, including position deferrals and eliminations. Ms. Cox also reviewed the downsides of not having an annual increase for salaried employees and assured the Board that she, along with the rest of the staff, is evaluating ways to implement non-monetary rewards to demonstrate commitment to the employees. After further discussion, Trustee Heidbreder moved, seconded by Trustee Tubandt, that the 2010/2011 Salary Administration Recommendation be approved. Motion carried. All Trustees present voted aye.

Mr. LoBianco introduced Ray Danz, Director Power Production and Supply, to review the revised project summary form combining four projects that relate to SCADA software upgrades and equipment replacement that had been previously approved as part of the 2010 operating budget. Mr. Danz continued that combining the four separate projects into one project, SCADA Server and OpenView Software Upgrade, will result in a new project amount of \$146,000 with a reduction in cost of approximately \$30,000. Trustee Tubandt moved, seconded by Trustee Axel, that the SCADA Server and OpenView Software Upgrade be approved in the amount of \$146,000. Motion carried. All Trustees present voted aye.

Mr. LoBianco stated that the next item on the agenda was a request to approve additional coal purchases for 2010 and 2011. He continued that only a portion of MP&W coal requirements are under contract for 2010 and 2011. The Fuel Procurement Committee (FPC) is tasked with analyzing and monitoring the coal requirements and market conditions. The FPC is recommending purchase of additional coal to take advantage of favorable market conditions and future coal needs. Mr. LoBianco asked Mr. Kerker, Director Finance and Administrative Services, to provide the Board with additional information and answer any questions they may have. Mr. Kerker reviewed the current coal contract and anticipated additional needs for the next two years. After further discussion, Trustee Heidbreder moved, seconded by Trustee Tubandt, that the board authorize the General Manager to execute additional coal purchase agreements for 2010 and 2011. Motion carried. All Trustees present voted aye.

Mr. Spratt left the meeting.

The next agenda item was a recommendation for the Board to ratify the contract with the Iowa Office of Energy Independence for the Energy Efficiency and Conservation Block Grant (EECBG) program. Mr. LoBianco informed the Board that grants totaling \$200,492 were awarded to MP&W from EECBG, providing 50 percent of the funding for three lighting projects and funds to supplement the appliance rebate program. Mr. LoBianco introduced Brandy Olson, Director Legal and Regulatory Services, and Mark Nelson, Chief Operations Engineer, to review the projects and the grant details. After further discussion and questions, the following resolution was submitted:

**RESOLUTION 10-02**

WHEREAS, the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa was previously made aware that the Utility was identifying and matching state and federal stimulus act funding opportunities to Utility projects, and;

WHEREAS, MP&W was awarded a 50 percent matching grant from the Iowa Office of Energy Independence's (OEI) Energy Efficiency and Conservation Block Grant program for three lighting upgrade projects and funds to supplement the appliance rebate program, and;

WHEREAS, after consulting with Staff, the General Manager approved a contract with OEI, and;

THEREFORE, in accordance with Board of Water, Electric and Communications Trustees Board Policy Manual, Exhibit A Expenditure Authorization Policy, the ratification of the contract with OEI for the Energy Efficiency and Conservation Block Grant program is being recommended to the Board for approval, now therefore;

BE IT RESOLVED, by the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa that the contract with OEI be ratified, confirmed and approved.

Mr. Nelson left the meeting.

Trustee Axel moved, seconded by Trustee Heidbreder, that the said resolution should be passed, approved, and adopted this 25<sup>th</sup> day of May 2010. On roll call Trustees Heidbreder, Tubandt, Axel, Carlson and Ingstad voted aye. Voting nay, none. Both the Board of Trustees and Mr. LoBianco thanked Ms. Olson and Mr. Nelson for investigating and finding opportunities for the Utility to take advantage of stimulus funds that were available.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum that included an update of the Digital Conversion Project, along with an in-depth report from Andy Datta, Manager Marketing and Sales, on the digital transition and ongoing marketing efforts.

The April Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members in written form. Mr. LoBianco gave a brief update on each utility. In the Electric Utility the April results provided a change in net assets \$80,000 better than budget. Wholesale energy volume was below budget, but prices received were higher than budget, with corresponding purchased energy costs coming in above budget. Native systems sales were also above budget. In the Water Utility, sales volume was slightly better than budget and overall revenue and expenses were above budget. The Communications Utility underperformed budget by about \$60,000, with revenue falling 7.5 percent below budget and expenses 1.7 percent below budget. Mr. Kerker reviewed the year-to-date financial statements for all three utilities.

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

The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members in written form. There were no items for approval.

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

Mr. LoBianco informed the Board that Mike Galloway from Ahlers & Cooney, P.C., was in attendance to discuss the negotiating strategy for the upcoming contract negotiations. Chairperson Ingstad recommended that the meeting be closed. Trustee Axel moved, seconded by Trustee Tubandt, that the meeting be closed to the public in accordance with Iowa Code Chapter 20.17 (3) for the purpose of discussing labor contract negotiation strategy. On roll call vote Trustees Heidbreder, Tubandt, Axel, Carlson and Ingstad voted aye. Voting nay, none.

Mr. Goedken, Ms. Cahill, Mr. Datta and Trustee Heidbreder left the meeting

After a break, the meeting was closed to the public at 6:55 p.m.

At 8:20 p.m. the meeting was reconvened to open session.

Trustee Axel moved, seconded by Trustee Carlson, to reconvene the meeting to open session.

Chairperson Ingstad asked if there were any other items of business. With no other items of business, Trustee Tubandt moved, seconded by Trustee Carlson, that the meeting be adjourned at 8:22 p.m.

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



Donald W. Kerker  
Board Secretary