

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JULY 27, 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, July 27, 2010, at 5:30 p.m.

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

Also present were Sal LoBianco, General Manager of Muscatine Power and Water; Duane J. Goedken, Board Attorney; Gary Wieskamp, Ray Danz, Erika Cox, Brandy Olson, Jeff Beer, Kim Thompson, Randy Hook, Cassie Mathias and Brenda Christensen of Muscatine Power and Water.

Chairperson Carlson recommended in the absence of Board Secretary Don Kerker, Brenda Christensen be appointed Acting Board Secretary for the July Board of Trustees meeting. Trustee Heidbreder moved, seconded by Trustee Ingstad, to appoint Ms. Christensen as Acting Board Secretary for the July 27, 2010, Board of Trustees meeting. Motion carried. All Trustees present voted aye.

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

Mr. LoBianco introduced Kim Thompson, Manager Information Services; Randy Hook, Manager, Accounting and Finance; and Cassie Mathias, Senior Financial Analyst, who were attending the Board meeting to cover various agenda items.

The minutes of the June 29, 2010, regular meeting were presented as previously submitted to all Board members in written form. Trustee Ingstad moved, seconded by Trustee Axel, 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 June 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 \$5,595,573.42 for the Electric Utility, \$380,714.93 in the Water Utility, and \$826,045.26 for the Communications Utility for a cumulative total of \$6,802,333.61. Motion carried. All Trustees present voted aye.

Trustee Carlson announced that the following appointments were recommended for the 2010/2011 Board Committees:

Audit and Finance – Warren Heidbreder and Scott Ingstad (Committee Chair)

Planning and Operations – Joan Axel and Doyle Tubandt (Committee Chair)

Personnel and Public Relations – Warren Heidbreder and Joan Axel (Committee Chair)

After discussion Trustee Tubandt moved, seconded by Trustee Ingstad, to receive and place on file the 2010/2011 Board Committee appointments. Motion carried. All Trustees present voted aye.

Mr. LoBianco stated that the next agenda item was a recommendation to proceed with Emergency Repairs to West Hill Rectangular Reservoir. The West Hill Rectangular Reservoir was constructed in 1936 and is a three million gallon reservoir. The reservoir was identified as leaking from testing done in April 2010. The reservoir was subsequently drained and inspected and E&H Restoration was contracted to complete repairs that were anticipated to cost less than \$20,000. Once the initial repair process commenced, significant additional leaks were identified when heavy rains resulted in groundwater infiltration of the tank. Staff reviewed system operating parameters and determined that repairs to properly seal the reservoir should proceed without delay to restore system storage levels as quickly as possible. Staff engaged Stanley Consultants to provide an evaluation of the tank and certify that repairs should be completed on an emergency basis. Kevin Hall, P.E. of Stanley Consultants reviewed the condition of the tank and recommended MP&W proceed with repairs on an emergency basis to restore full storage capacity to the system as quickly as possible. Since the additional work will exceed the \$100,000 threshold for a competitive bid, and the process for competitive bids would delay the progressing of repairs, staff is requesting a resolution from the Board to waive the public hearing process. This is in accordance with the Iowa Code Section 384.103, which provides that when emergency repair of a public improvement is necessary, and the delay of advertising and the competitive bid process might cause serious loss or injury, the chief officer, official of the city or governing body can make a finding that it is necessary to institute emergency proceedings. Discussion was conducted on the repair, the consultant's report, and when the reservoir would be back in service.

The following resolution was submitted.

RESOLUTION 10-05

WHEREAS the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa, acknowledges receipt of the report from Stanley Consultants reviewing the condition of the West Hill Rectangular Reservoir and the recommendation that MP&W proceed with repairs on an emergency basis to restore the tank to full storage capacity and return the system to normal operations as soon as possible; and,

WHEREAS, the West Hill Rectangular Reservoir is considered a public improvement;

WHEREAS, the Board acknowledges that the delay for advertising and public letting usually required with public improvements might cause serious loss to the City and the Utility; now therefore,

BE IT RESOLVED, by the Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa, that staff proceed without delay and perform emergency repair the West Hill Rectangular Reservoir pursuant to Iowa Code 384.103.

Trustee Ingstad moved, seconded by Trustee Tubandt, that the said resolution should be passed, approved, and adopted on this 27th day of July 2010. On roll call Trustees Tubandt, Heidbreder, Axel, Ingstad, and Carlson voted aye. Voting nay, none.

Mr. LoBianco introduced the next agenda item requesting approval of the Electric Utility and Water Utility revised Service Rules. The Service Rules were presented to the Board of Trustees at the June Board meeting for information and review. No additional feedback was received from the Board for the Service Rules. Mr. LoBianco stated that Staff will continue to present the Service Rules to the Board of Trustees for review and updating when significant changes are recommended. After discussion Trustee Heidbreder moved, seconded by Trustee Axel, to approve the Service Rules for the Electric Utility and Water Utility as presented at the June 29, 2010, Board of Trustees Meeting. Motion carried. All Trustees present voted aye.

Mr. LoBianco advised that the next meeting agenda item pertained to the Board Policy Manual and that the manual had been provided under separate cover to the Board. Mr. LoBianco continued that the manual had been reviewed and updated, and submitted to all Board members in a "redline/track change mode" for their review. No action was being requested this evening. At the August Board meeting, it will be recommended that the policy manual be approved. If Board members have any questions or comments regarding the manual, let Mr. Wieskamp know prior to the next meeting.

In the General Manager's report, Mr. LoBianco reviewed his previously submitted memorandum that included an update on the APPA National Conference. He stated that it was also APPA's 70th anniversary and that MP&W was one of the original twelve members of APPA. APPA had produced a video to commemorate its 70th anniversary, which was viewed by the Board. Mr. LoBianco also discussed the pension update that had been presented to the Audit/Finance Committee prior to the June Board Meeting and new remote access software being utilized by the Helpdesk to enable technicians to more accurately and efficiently troubleshoot and resolve customer issues pertaining to MP&W products.

The next item on the agenda was to receive and place on file the YTD and June Financial Operating Statements and Balance Sheets for each Utility and the Quarterly Investment Report. Mr. LoBianco gave the Board a short review of each Utility's financial performance and stated that the June financial operating statements for the Electric, Water, and Communications Utilities would be reviewed in detail during the Second Quarter Critical Issue and Key Performance Indicator presentation. Trustee Ingstad moved, seconded by Trustee Tubandt, that the YTD and June Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities and the Quarterly Investment Report be received and placed on file. Motion carried. All Trustees present voted aye.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members in written form. Trustee Heidbreder moved, seconded by Trustee Axel to approve the Quarterly Project Status Report and Variance Analyses. Motion carried. All Trustees present voted aye.

The Critical Issues and Key Performance Indicators presentation for the Water, Electric, and Communications Utilities was the next agenda item. Mr. LoBianco asked each critical issue leader to review the status of their critical issue and Mr. Hook to review the key performance indicators. After review and discussion, Trustee Tubandt moved, seconded by Trustee Ingstad, to receive and place on file the 2010 Second Quarter Critical Issues and Key Performance

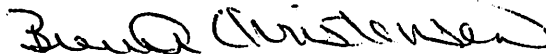
Indicators for the Water, Electric, and Communications Utilities. Motion carried. All Trustees present voted aye.

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 June Departmental Reports were presented as previously submitted to all Board members in written form. General discussion was conducted on the departmental reports. Trustee Axel moved, seconded by Trustee Heidbreder, to receive and place on file the June departmental reports. Motion carried. All Trustees present voted aye.

Chairperson Carlson asked if there were any other items of business. With no other items of business, Trustee Axel moved, seconded by Trustee Tubandt, that the meeting be adjourned at 7:00 p.m.

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Brenda Christensen
Acting Board Secretary