

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
APRIL 28, 2020 – 5:30 P.M.**

The Board of Trustees met by Cisco Web-Ex online conferencing on Tuesday, April 28, 2020, at 5:30 p.m. The meeting was not held in person due to the ongoing coronavirus pandemic, with the orders to maintain social distancing and avoid group gatherings. The Utility is following the guidance provided by the Iowa Public Information Board and the Governor's Orders on how to conduct electronic public meetings. MP&W has made the meeting via Web-Ex available for members of the public who are interested.

Chairperson Tracy McGinnis called the meeting to order. Members of the Board were present as follows: Trustees Steven Bradford, Susan Eversmeyer, Kevin Fields, Keith Porter, and Tracy McGinnis.

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Brad Spratt, Ryan Streck, Doug White, and Jodi Dobson and Ryan O'Donnell from Baker Tilly Virchow Kraus (BT).

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

The minutes of the March 31, 2020, public hearing and regular meeting were presented as previously submitted to all Board members. Trustee Fields moved, seconded by Trustee Bradford, that the March 31, 2020, public hearing and regular meeting minutes be approved as submitted. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for March 2020 was presented as previously submitted to all Board members. After review and discussion of the expenditures, Trustee Eversmeyer moved, seconded by Trustee Fields, to ratify payment of \$7,973,505.98 for the Electric Utility, \$424,695.67 for the Water Utility, and \$1,678,812.66 for the Communications Utility for a cumulative total of \$10,077,014.31. All Trustees voted aye. Motion carried.

Mr. Spratt introduced Jodi Dobson and Ryan O'Donnell of Baker Tilly Virchow Kraus (BT). Mr. O'Donnell stated the MP&W Audit went well and all three Utilities received Unqualified Opinions. He continued that compliance was tested with State of Iowa Standards and no exceptions were noted. He also stated a material weakness was identified during the Audit and this topic had been reviewed in the A/F Committee previous to this meeting. Mr. O'Donnell thanked the Board for allowing BT to have been MP&W's audit firm over the past several years and thanked the MP&W Accounting Staff and Management who had participated in the Audit. Mr. Spratt and Mr. Huston thanked Mr. O'Donnell for the help during this audit and the relationship that the two companies have during the audit process. Mr. O'Donnell and Ms. Dobson left the meeting at 5:45 p.m.

Mr. Huston presented a recommendation to postpone the award of the contract for Mississippi Drive Corridor Underground Cable Pull Contract. He continued that only one bid had been received and Staff was concerned the bid was very high compared to estimate. Staff contacted four bidders that chose not to submit a bid for this project to see why they had not submitted and answers were the bidders were near full capacity for the 2020 construction season, and another had not submitted anything due to the uncertainty surrounding COVID-19 causing them to not take on any additional work at this time. All indicated if the work was to be completed in 2021, they may have provided a bid. Staff has begun the process of evaluating the cause of the significant variance in the one bid received and the bidder has agreed to hold their pricing until the May 2020 Board meeting. Staff will use this time to further validate the bid, attempt to quantify how much premium is built into this bid to complete the work this year, evaluate what portion of this work MP&W line crews may be able to complete, and present a recommendation to either award as-is, award on a modified basis, or reject the bid and set new dates for work to be completed in 2021. Trustee Eversmeyer moved, seconded by Trustee Fields to a postpone the award of the contract for Mississippi Drive Corridor Underground Cable Pull Contract. All Trustees voted aye. Motion carried.

Next, Trustee McGinnis reminded the Board the revised Service Rules were presented to the Board of Trustees at the March 2020 Board meeting for information and review. Mr. Huston stated no additional feedback was received from the Board regarding the Service Rules. Trustee Fields moved, seconded by Trustee Bradford to approve the Service Rules for the Water, Electric, and Communications Utilities as presented at the March Board of Trustees meeting. All Trustees voted aye. Motion carried.

Mr. Huston explained that the 2019 Annual Report incorporates a fresh look and tone. MP&W's audited Financial Results and Management Discussion and Analysis have been removed from the Annual Report and will be posted on MP&W's website for public access. He continued that the 2019 Annual Report was developed in-house by MP&W's Marketing Department and he was very pleased with the work this group continues to do on the Annual Report. All the Trustees responded the report was done well and looked nice. Trustee Eversmeyer moved, seconded by Trustee Porter, that the 2019 Annual Report be received and placed on file as submitted. All Trustees voted aye. Motion carried.

Mr. Huston introduced the YTD and March Financial Operating Statements and Balance Sheets and Quarterly Investment Report and stated the review had been moved a bit out of order so that the review could be done before the next discussion items. Mr. Spratt reviewed the year-to-date financials and the current baseline for each Utility. Trustee Porter moved, seconded by Trustee Eversmeyer, to receive and place on file the YTD and March Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities and the Quarterly Investment Report. All Trustees voted aye. Motion carried.

The next item on the agenda was to review financial impacts to the Utility due to the COVID-19 situation. Mr. Spratt reviewed several financial items affected by COVID-19. He explained early tracking shows delinquent accounts are currently in a better position than the same time in 2018 or 2019; he did state that accounts are normally kept in check with posting and disconnect notices but with the current moratorium on disconnects, delinquencies are

expected to grow. Mr Spratt next discussed the fluctuations in Electric and Water Utility usage. He stated early indications show the largest impact applies to Commercial I and Commercial II load and revenue. This early change has been reflected in the current forecast for the next three months. He continued that Staff had contacted several key accounts to inquire on their current operations, plans, and what effects it may have on electric and water load. Some impact is expected, while some of that impact may be offset by a large customer who is running above projections at this time and has no change expected. Mr. Spratt next discussed the Communications Utility and the current increase in residential learn and work from home requirements causing some increases in requested speeds from both residents and companies that are providing more access to their remote employees. There is no current negative trend currently showing; however, there is some expected change expected when the disconnect moratorium ends. Mr. Spratt reviewed various financial scenarios for possible changes in each Utility over the next few months. After discussion, Trustee Bradford moved, seconded by Trustee Eversmeyer, to receive and place on file the COVID-19 Financial Scenario Analysis. All Trustees voted aye. Motion carried.

Mr. Huston reminded the Board that at the March 2020 Board Meeting the Board postponed the Water Utility rate adjustment and the Communication Utility rate adjustment, to be effective May 1, 2020. He stated that MP&W continues to take significant measures to protect the health and safety of our customer/owners due to the outbreak of COVID-19, helping to give peace of mind regarding their essential utility services during this time of uncertainty. He discussed the forecast provided and the estimated for net income changes to each of these Utilities. Mr. Huston stated the ramifications to many areas of the Utility to postpone the rate adjustment causes additional workload and this will probably be the final time that the rate adjustments will be postponed. After additional discussion, the following resolutions were submitted:

RESOLUTION 20-15

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa set a revenue increase effective for Communications Utility billings after May 1, 2020; and,

WHEREAS, due to the recent outbreak of COVID-19, MP&W has taken significant measures to protect the health and safety of our customer/owners and to give them peace of mind regarding their essential utility services, included a moratorium on utility disconnections and the waiving of late fees; and,

BE IT RESOLVED, that the previously approved rate adjustments for TV/Video service effective with Communications Utility billings after May 1, 2020, be postponed until June 1, 2020, to further insulate our customers from the negative impacts of this outbreak.

Trustee Eversmeyer moved, seconded by Trustee Porter that said resolution should be passed, approved, and adopted on this 28th day of April 2020. On roll call Trustees Porter, Eversmeyer, Fields, Bradford, and McGinnis voted aye. Voting nay, none. Resolution carried.

RESOLUTION 20-16

WHEREAS, the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa set a water revenue increase effective with Water Utility billings after May 1, 2020, and

WHEREAS, due to the recent outbreak of COVID-19, MP&W has taken significant measures to protect the health and safety of our customer/owners and to give them peace of mind regarding their essential utility services, included a moratorium on utility disconnections and the waiving of late fees, and

BE IT RESOLVED, that the previously approved rate adjustments for Water service effective with Water Utility billings after May 1, 2020, be postponed until June 1, 2020, to further insulate our customers from the negative impacts of this outbreak.

Trustee Bradford moved, seconded by Trustee Fields that said resolution should be passed, approved, and adopted on this 28th day of April 2020. On roll call Trustees Porter, Eversmeyer, Fields, Bradford, and McGinnis voted aye. Voting nay, none. Resolution carried.

In the General Manager's report, Mr. Huston reviewed his previously submitted memorandum. The first topic was MP&W's Coronavirus updates; He was proud to share that MP&W partnered with both MCC and the Muscatine Community School District (MCSD) to make internet services available to those in need during COVID-19. He continued MCSD launched e-Learning programs March 13th and MP&W developed a special student internet package with router service for \$9.95 per month for 3 months for those households which did not have service. He stated customers have enjoyed free preview channels from over 35 networks normally available only to Select or Preferred customers have been opened up for free previews to all customers. Also, Staff have reached out to NCTC and contacts with regional sports networks about potential rate relief due to the lack of live sports content. Responses thus far have declined to offer any rate relief and stated the providers are still considering options and alternative programming. It is unlikely relief will be granted; however, Staff will continue to push the issue. Next, electric load impacts and water usage impacts were reviewed. Mr. Huston shared that staff has begun monitoring delinquent customer accounts to help determine what financial impacts may be to write-offs; he reviewed the data to date and stated another update would be provided to the Board at the May Board meeting.

The Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Bradford, to receive and place on file the Competitive Quotes for Public Improvements Report.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members. Trustee Porter moved, seconded by Trustee Bradford, to receive and place on file the Quarterly Project Status Report and Variance Analysis. All Trustees voted aye. Motion carried.

The Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities were previously submitted to all Board members. Mr. Huston informed the Board that each Critical Issue leader would provide a brief review the status of their Critical

Issue and the Board could ask any questions they had during each review. Trustee Fields moved, seconded by Trustee Eversmeyer, to receive and place on file the First Quarter 2020 Critical Issues and Key Performance Indicators for the Water, Electric, and Communications Utilities. All Trustees voted aye. Motion carried.

The March Departmental Reports were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Fields, to receive and place on file the March Departmental Reports. All Trustees voted aye. Motion carried.

The meeting was adjourned at 7:35 p.m.

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

A handwritten signature in cursive script that reads "Brenda Christensen".

Brenda Christensen
Board Secretary