

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

The Board of Trustees met in regular session by Cisco Web-Ex online conferencing on Tuesday, July 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. MPW has made the meeting available via Web-Ex for members of the public who are interested.

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

Also present were Gage Huston, General Manager of Muscatine Power and Water; Sarah Wienke, Acting Board Secretary; Charles Potter, Muscatine Journal; Erika Cox, Brandy Olson, Mark Roberts, Ryan Streck, and Doug White of Muscatine Power and Water (MPW). MPW employee Dave Hurlbut and Katie Rock of the Sierra Club were also in attendance.

Mr. Huston began the meeting with a motion to appoint Sarah Wienke as Acting Board Secretary for the July 28, 2020 meeting. Trustee Bradford moved, seconded by Trustee Fields. All trustees voted aye. Motion carried.

Chairperson Eversmeyer asked if there was anyone in attendance who wished to make any public comments. Ms. Rock stated that she was representing the Sierra Club Beyond Coal Campaign in Iowa and would like to comment on the recently completed Power Supply Study. Sierra Club supports the retirement of the MPW coal plant ahead of 2030 but believes MPW should reject the proposal to build a gas burning unit and replace the coal units with fully renewable energy. Sierra Club is opposed to new fracked gas plants as this solution will fail to avert the worst impacts of climate change and will result in MPW customers footing the bill for an unsuccessful unit. Sierra Club also have questions about the process that led to the conclusion that a new gas plant was the best solution. (1) What is the value of the steam MPW sells, and to whom is it sold? Does the steam contract set to expire at the end of 2022 need to be replaced? (2) The presentation from Leidos Engineering study indicates MPW is 90 MW over capacity. Why is MPW so overcapacity? Is it related to the need for steam or heat for industrial customers? (3) Is the cost to replace U9 with gas worth the short lifetime of a gas plant? How is the high cost of conversion to gas balanced against the risk of early retirement? Ms. Rock concluded that, again, Sierra Club supports the recommendation to retire all three coal units and urges MPW to reject the potential gas replacement in favor of renewable energy. Mr. Huston thanked Ms. Rock for her questions and stated that MPW continues to evaluate our options based on the Power Supply Study and are asking ourselves the same questions during those evaluations. Ms. Olson stated that we will follow up with a more detailed response to her

questions in writing after the meeting. Chairperson Eversmeyer thanked Ms. Rock for her comments.

The minutes of the June 30, 2020 Audit/Finance and regular Board meeting were presented as previously submitted to all Board members. Trustee McGinnis moved, seconded by Trustee Fields, for the minutes from the June 30, 2020 Audit/Finance Committee and regular Board meetings to be approved. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for June 2020 was presented as previously submitted to all Board members. Trustee Bradford moved, seconded by Trustee Porter, to ratify payment of \$8,121,786.50 for the Electric Utility, \$659,849.12 for the Water Utility, and \$1,665,915.35 for the Communications Utility, for a cumulative total of \$10,447,550.97. All Trustees voted aye. Motion carried.

The next agenda item is a recommendation to set a public hearing date on MISO Attachment O Annual Meeting – Transmission Rate Update. Mr. Huston stated as a Transmission Owner (TO) in Mid-Continent Independent System Operator (MISO), MPW must establish tariff rates for use of its transmission system by other market participants. The process for establishing these rates is through the use of MISO's formula rate protocols. The key component in establishing the formula rates is through the use of MISO's Attachment O template. The Attachment O utilizes financial information from MP&W's audited financial statements to calculate the appropriate formula rates. MPW must update the Attachment O each year, utilizing the most recent financial data, and submit to MISO by the first of June. A step required by the Federal Energy Regulatory Commission (FERC) in this process is that each TO must hold an annual public meeting regarding its transmission rate updates and submit an informational filing with FERC regarding its updated transmission rates. Management recommends that the Board set a public hearing prior to its next regular Board Meeting on August 25, 2020, to receive any public comments regarding its annual transmission rate update (Attachment O). This public hearing will meet the requirement in MISO's revised formula rate protocols related to holding an annual public meeting. The following resolution was submitted:

RESOLUTION 20-22

WHEREAS, it is recommended that a public hearing be established for the review of MPW's annual Transmission Rate Update (Attachment O) to receive any public comments before submittal of this form to FERC; now therefore,

BE IT RESOLVED, by the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa that a public hearing be held on the 25th day of August 2020, at 5:28 p.m. in the Board Room of Muscatine Power and Water's Administration/Operations Building located at 3205 Cedar Street, Muscatine, Iowa, and the notice of said hearing shall be published once in the Muscatine Journal, a newspaper of general circulation published daily in the City of Muscatine, Iowa, not less than four (4) nor more than twenty (20) days prior to said hearing, all as required by the Code of Iowa.

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

Mr. Huston introduced the next agenda item as a recommendation to approve a resolution for refinancing of the Communications Utility Revenue Bond – Series 2017. As previously reported, there is a need to obtain additional financing due to the Fiber to the Home (FTTH) Project taking longer and costing more than planned, in addition to more capital project expenditures for the Communications Utility in the near future. Mr. Roberts explained after the June board meeting it was determined that the City of Muscatine's issuance of \$6,300,000 General Obligation Corporate Purpose Bonds limits how much bank qualified debt MPW can issue this year. As a result, MPW plans to bifurcate the issuance such that \$3,700,000 of the debt will be issued in 2020 and \$6,300,000 will be issued in 2021 for a cumulative total of \$10,000,000. The following resolution was submitted:

RESOLUTION NO. 20-21

Taking additional action to issue revenue bonds and borrow money.

WHEREAS, the City of Muscatine (the "City"), in Muscatine County, State of Iowa, did heretofore establish the Muscatine Communications Utility System (the "Communications Utility") of Muscatine Power and Water ("Muscatine Power and Water" or the "Issuer") and for which the Communications Utility provides cable communication, television system, telephone and telecommunications systems and services in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Communications Utility are vested in the Board of Trustees of the Water, Electric and Communications (the "Board") of Muscatine Power and Water; and

WHEREAS, the City, acting by and through the Board, proposed to enter into a Communications Revenue Loan Agreement (the "Loan Agreement") and borrow money in a principal amount not to exceed \$10,000,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent of constructing cable communication, television system, telephone and telecommunications systems improvements and extensions to the municipal Communications Utility (the "Project"); and

WHEREAS, the Board proposes to issue its revenue bonds or notes, in one or more series (the "Bonds") and has published notice of the proposed action and has held a hearing thereon on July 28, 2020.

NOW, THEREFORE, Be It Resolved by the Board of Muscatine Power and Water acting with respect to the Communications Utility, as follows:

- Section 1. The Board intends to borrow money in a principal amount not to exceed \$10,000,000 to pay costs of the Project and the Board declares that this resolution constitutes a determination by the Board to issue such Bonds in the future and borrow such money.
- Section 2. The Board determines at this time to proceed with the additional action necessary relating to the issue of the Bonds, and staff and officers are authorized to take any and all actions to carry out this resolution.
- Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

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

Mr. Huston recommended the following appointments for the 2020/2021 Board Committees:

Audit and Finance – Steven Bradford and Susan Eversmeyer (Committee Chair)

Planning and Operations – Tracy McGinnis and Kevin Fields (Committee Chair)

Personnel & Public Relations – Tracy McGinnis and Keith Porter (Committee Chair)

Trustee Porter moved, seconded by Trustee McGinnis, to receive and place on file the 2020/2021 Board Committee appointments. All Trustees present voted aye. Motion carried.

Mr. Huston advised that the next meeting agenda item pertained to the Board Policy Manual and that the revised manual had been provided to the Board. He stated that the manual had been reviewed and updated by staff and submitted in a “redline/track change mode” for the Board’s review and comment. Mr. Huston reviewed each of the changes to the document; no action was being requested at this time regarding the Board Policy Manual. Approval will be requested at the August 25, 2020, Board meeting.

In the General Manager's report, Mr. Huston reported MPW offers Fixed Wireless (FW) services to rural customers outside our wired service area and have served upwards of 160-170 customers and currently have 125 customers in rural Muscatine and Louisa counties, and Mercer and Rock Island county customers in Illinois. MPW started in Fixed Wireless to fence off our wired service area from other wireless providers. Over the years, MPW has implemented several upgrades as our FW equipment reached obsolescence or technologies changed. The FCC is now mandating all wireless providers move to CBRS (Citizens Broadband Radio Service) spectrum next year and to stay in the FW business, we need to secure replacement spectrum and secure additional spectrum above 15 MHz. Trustee Bradford stated one of Governor Reynolds initiatives has been to improve broadband access to rural Iowa and would like to know if there is any funding available to assist in this upgrade. Mr. Huston and Ms. Cox stated that we have been evaluating grants as funding options while going through this process. Mr. Huston continued that we have received a great response from the community to our coloring contest to promote the new design of the water tower and wanted to recognize our marketing department for such a great idea.

The June 2020 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members along with the Quarterly Investment Report. Mr. Roberts provided a quick summary of formatting changes and how this information is presented and stated that Financials would be covered in more detail in the Key Performance Indicators presentation. Chairperson Eversmeyer expressed her appreciation for the new format of the Cash Flow Summaries with the addition of a bar graph. Trustee Fields moved, seconded by Trustee McGinnis, to receive and place on file the June 2020 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 June 2020 Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members. Trustee Bradford moved, seconded by Trustee Fields, to receive and place on file the June 2020 Competitive Quotes for Public Improvements Report.

The Quarterly Project Status Report and Variance Analysis were presented as previously submitted to all Board members in written form. Mr. Huston explained going forward these reports will become a monthly agenda item and described formatting changes from previous reports. After discussion, Trustee McGinnis moved, seconded by Trustee Porter, to approve the Quarterly Project Status Report and Variance Analysis. All Trustees present voted aye. Motion carried.

The Critical Issues and Key Performance Indicators presentation for the Electric, Water, and Communications Utilities was the next agenda item. After the presentation and discussion in response to questions, Trustee Porter moved, seconded by Trustee McGinnis, to receive and place on file the 2020 Second Quarter Critical Issues and Key Performance Indicators for the Electric, Water, and Communications Utilities. All Trustees present voted aye. Motion carried.

The June 2020 Departmental Reports were presented as previously submitted to all Board members. After discussion, Trustee Porter moved, seconded by Trustee Bradford, to receive and place on file the June 2020 Departmental Reports. All Trustees present voted aye. Motion carried.

The meeting of the Board of Trustees was adjourned at 7:45 p.m.

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



Sarah Wienke
Acting Board Secretary