

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

The Board of Trustees met in regular session by Cisco Web-Ex online conferencing on Tuesday, June 30, 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 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, Mark Roberts, Brad Spratt, Ryan Streck, and Doug White of Muscatine Power and Water (MPW).

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

Mr. Huston introduced Mr. Mark Roberts, the new Director of Finance and Administrative Services. Mr. Huston provided a brief background of Mr. Roberts' job history and community involvement. Mr. Huston also thanked Mr. Brad Spratt for his service as Interim Director of Finance and Administrative Services. The Board echoed their thanks to Mr. Spratt and welcomed Mr. Roberts.

The minutes of the May 26, 2020 regular meeting were presented as previously submitted to all Board members. Trustee Eversmeyer moved, seconded by Trustee Bradford, for the minutes from the May 26, 2020 regular meeting to be approved. All Trustees voted aye. Motion carried.

The list of expenditures and transactions for May 2020 was presented as previously submitted to all Board members. Trustee Fields moved, seconded by Trustee Eversmeyer, to ratify payment of \$7,243,913.10 for the Electric Utility, \$561,315.32 for the Water Utility, and \$808,945.18 for the Communications Utility, for a cumulative total of \$8,614,173.60. All Trustees voted aye. Motion carried.

Mr. Huston introduced the next agenda item as a recommendation to set dates for a public hearing for refinancing of 2020 Communications Utility Revenue Bond proceedings. 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. This will be accomplished by re-financing the existing Communications Utility Revenue Bond held by local banks. Management recommends financing an additional amount (plus fees and expenses) not to exceed \$5 million. The total is within the maximum project budget not to

exceed amount of \$8,502,000 and consistent with the Reimbursement Resolution passed by the Board in January 2020.

RESOLUTION 20-19

Resolution to fix a date for a public hearing on a proposal to issue communications system utility revenue bonds thereunder in a principal amount not to exceed \$10,000,000.

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") 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, Muscatine Power and Water acting with respect to the Communications Utility now proposes to issue indebtedness in a principal amount not to exceed \$10,000,000 pursuant to the provisions of Chapter 384 of the Code of Iowa, as amended, for the purpose of paying the cost, to that extent, of constructing cable communication, television system, telephone and telecommunications systems improvements and extensions for the municipal Communications Utility, and it is necessary to fix a date of meeting of the Board at which it is proposed to take action to issue revenue bonds, payable from the Net Revenues of the Communications Utility, and to give notice thereof as required by such law;

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

- Section 1. This Board shall meet on July 28, 2020, at the Muscatine Power and Water Administration Offices, 3205 Cedar Street, in the City, at 5:28p.m., at which time and place a hearing will be held and proceedings will be instituted and action necessary to issue revenue bonds.
- Section 2. The Board Secretary is hereby directed to give notice of the proposed action on the Agreement setting forth the amount and purpose thereof, the time when and place where the said meeting will be held by publication at least once, not less than four (4) and not more than twenty {20} days before the meeting, in a legal newspaper which has a general circulation in the City. The notice shall be in substantially the following form:

*NOTICE OF PROPOSED ACTION TO INSTITUTE PROCEEDINGS TO ISSUE
MUSCATINE COMMUNICATIONS SYSTEM UTILITY REVENUE
BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000*

The Board of Trustees of Water, Electric and Communications (the "Board") of Muscatine Power and Water ("Muscatine Power and Water") will meet on July 28, 2020, at the Muscatine Power and Water Administration offices, 3205 Cedar Street, in Muscatine, Iowa, at 5:28p.m., for the purpose of paying: (i) the cost, to that extent, of constructing cable communication, television system, telephone, and telecommunications systems improvements and extensions to the municipal communications utility {the "Communications Utility"}, and (ii) costs if issuance related to the issuance of the revenue bonds of Muscatine Power and Water in a principal amount not to exceed \$10,000,000 (collectively the "Project")

The revenue bonds will not constitute a general obligation of the City, nor will the revenue bonds be payable in any manner by taxation but, together with any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith, will be payable solely and only from the Net Revenues of the Communications Utility of Muscatine Power and Water. At that time and place, oral or written objections may be filed or made to the proposal to issue the revenue bonds. After receiving objections, the Board may determine to issue the revenue bonds, in which case, the decision will be final unless appealed to the District Court within fifteen {15} days thereafter. By order of the Board of Muscatine Power and Water acting with respect to the Communications Utility.

*Brenda Christensen
Board Secretary*

Section 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law. Passed and approved this 30th day of June 2020.

Trustee Porter moved, seconded by Trustee Bradford, that said resolution be passed, approved, and adopted this 30th day of June 2020. On roll call, Trustees Eversmeyer, Porter, Fields, Bradford, and McGinnis voted aye. Voting nay, none. Resolution carried.

The next agenda item was a memo recommending Baker Tilly Virchow Krause, LLP (BT) continue to be retained as the auditors for the MPW 2020 Audit. Mr. Huston explained the Audit Finance Committee had discussed BT performance and fees and the Committee was recommending the continued engagement. The 2019 Audit was the first year of a three-year agreement. Trustee Porter moved, seconded by Trustee Fields, that Baker Tilly Virchow Krause LLP be retained as the Auditors for the 2020 Audit. Motion carried. All Trustees voted aye.

Mr. Huston asked a resolution be approved to name Mark Roberts as an authorizing officer, along with Mr. Huston; this action enables the named officers to execute documents and agreements necessary to transact business with the three local Muscatine banks.

RESOLUTION 20-20

BE IT RESOLVED, that the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, utilize the services of First National Bank of Muscatine, CBI Bank and Trust, Muscatine, and Community Bank and Trust, Muscatine (“Depositories”) for the deposit of public funds belonging to the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, or coming into its possession, pursuant to a duly executed Agreement to Receive and Repay Deposits of Public Funds. The maximum amount which may be thus deposited in any of the above listed Depositories without further approval of this Board is Twenty Million Dollars (\$20,000,000).

BE IT RESOLVED, that as of July 1, 2020, the following officers are hereby authorized and directed to execute said Agreement, to execute and deliver signature authorization cards to Depositories concurrently therewith, and to execute all drafts, checks and other documents and correspondence regarding any accounts of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa, at Depositories:

<u>NAME</u>	<u>OFFICE</u>
Gage Huston	General Manager
Mark Roberts	Director, Finance & Administrative Services

BE IT RESOLVED, that the officers described above are hereby authorized and directed to take action and execute documents and agreements as may be necessary to secure the repayment of the deposits of public funds authorized hereunder, including, but not limited to: Security Agreements, Notices, and any documents or instruments supplemental or incidental thereto.

BE IT RESOLVED, that the Secretary forward a certified copy of this Resolution to Depositories, and any other parties which may request it for purposes of effectuating the deposit of public funds authorized hereunder or any security therefore, together with a certificate attesting to the names and signatures of the present holders of the offices described above; and the Secretary further certify to Depositories or other parties from time-to-time the signatures of any successors in office of any of the present office holders.

Trustee Eversmeyer moved, seconded by Trustee Porter, that said resolution be passed, approved, and adopted this 30th day of June 2020. On roll call, Trustees Bradford, Fields, Porter, Eversmeyer, and McGinnis voted aye. Voting nay, none. Resolution carried.

Mr. Huston stated both long and short-term planning is needed to ensure reliable service to customers in the most cost-effective way, with consideration given to electricity market prices, generation capacity prices, natural gas prices, coal costs, transmission upgrades, continued steam sales, and effects of pending and anticipated environmental rules. He continued MPW performs a power supply study approximately every 3-5 years to determine the optimum power supply plan needed to meet forecasted system capacity and energy requirements for the Muscatine community. Mr. White reviewed the 2019 Power Supply Study results and recommendations with the Board. Once review was complete, Mr. Huston told the Board that the hard work starts now to pursue investigation of the recommendations. He continued it is gut wrenching for Staff to consider the recommendations and what the changes could mean to the Generation Plant, but the Utility will honor the commitment it has to the Muscatine community by following through with the recommended investigations. Mr. Bradford thanked Staff for the time and detail put into the summary to help understand the recommendations and Ms. McGinnis thanked everyone for all the hard work so far and the follow-up work needed now. Trustee Porter moved, seconded by Trustee Fields, to receive and place on file the summary of the 2019 Power Supply Study results and resultant recommendations. All Trustees voted aye. Motion carried.

At the June 18, 2020, Muscatine City Council meeting, the Council approved recommendations for appointments to City boards and commissions. Chairperson McGinnis stated Susan Eversmeyer was reappointed to the Board of Water, Electric, and Communications Trustees for a second term of July 1, 2020 through June 30, 2026. Trustee Bradford moved, seconded by Trustee Porter to receive and place on file the certificate of appointment for Susan Eversmeyer to the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa. All Trustees voted aye. Motion carried.

Mr. Huston stated the Board of Trustees usually elects new officers at the June meeting for the following year. It was recommended Trustee Eversmeyer be elected Chairperson and Trustee Fields be elected Vice-Chairperson for the 2020/2021 term, beginning July 1, 2020. As part of the process of electing new Board officers, the Board Secretary is also appointed; it was recommended Ms. Christensen continue as Board Secretary. Trustee Bradford moved, seconded by Trustee Porter, Trustee Eversmeyer be elected Chairperson, Trustee Fields be elected Vice-Chairperson, and Ms. Christensen be elected as Board Secretary for the 2020/2021 term. All Trustees voted aye. Motion carried.

In the General Manager's report, Mr. Huston reported MPW's first electric vehicle, dubbed the EV-1 or "Evie", hit the streets the week of June 15th. The Chevy Bolt will be used by the Metering Department for regular reading of customers' meters, getting the car out in the public and help draw attention to the growing market of electric vehicles. He continued MPW was proud to be a part of showing the MHS graduation live on Public Access Channel 9, allowing families to celebrate the 2020 MHS graduates even though family attendance was limited to due social distancing requirements. An agreement was reached with a company to purchase refined coal, benefiting the Utility by lowering mercury emissions and to participate in a federal tax credit program. He continued the relocated refined coal system was placed into operation on June 1, 2020 and will help MPW offset fuel costs and mercury emission control costs. Mr. Huston next provided an update on the MPW water tower painting; including that MPW Staff was working

with the Iowa Finance Authority and artist Laura Palmer on unveiling plans. Mr. Huston's last topic was a review of electric load impacts, water usage impacts and delinquent customer accounts due to the COVID-19 pandemic.

The May 2020 Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members. After review and discussion, Trustee Eversmeyer moved, seconded by Trustee Porter, to receive and place on file the May 2020 Financial Operating Statements and Balance Sheets for the Water, Electric, and Communications Utilities. All Trustees voted aye. Motion carried.

The May 2020 Competitive Quotes for Public Improvements Report was presented as previously submitted to all Board members. Trustee Porter moved, seconded by Trustee Bradford, to receive and place on file the May 2020 Competitive Quotes for Public Improvements Report.

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

The meeting of the Board of Trustees was adjourned at 6:55 p.m.

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



Brenda Christensen
Board Secretary