

**OFFICIAL PROCEEDINGS OF THE
BOARD OF WATER, ELECTRIC,
AND COMMUNICATIONS TRUSTEES
OF THE CITY OF MUSCATINE, IOWA
JUNE 28, 2022 – 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, June 28, 2022 at 5:30 p.m.

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

Also present were Gage Huston, General Manager of Muscatine Power and Water; Brenda Christensen, Board Secretary; Erika Cox, Brandy Olson, Mark Roberts, Ryan Streck, Doug White, and Carrie Trevino of Muscatine Power and Water. Additional attendees were Charles Potter and Sandy Stanley.

Sandy Stanley, an MPW customer, provided public comments.

Trustee Eversmeyer moved, seconded by Trustee Fields to approve the May 31, 2022 regular Board meeting minutes. All Trustees present voted aye. Motion carried.

Trustee Porter moved, seconded by Trustee McGinnis, to ratify payment of \$8,838,220.23 for the Electric Utility, \$350,516.22 for the Water Utility, and \$1,059,043.75 for the Communications Utility for a cumulative total of \$10,247,780.20. All Trustees present voted aye. Motion carried.

Mr. Huston introduced the next agenda item, a recommendation to set dates for the receipt of bids and conduct a Public Hearing for the Unit 9 FGD Upper Roof Overlay Project. He stated this project was approved with the 2022 Operating Budget for a total expenditure of \$362,000. The Unit 9 FGD Upper Roof Overlay Project has a scope of work estimate of \$329,100 and covers all labor, materials, tools, equipment, and supervision necessary to overlay the existing Unit 9 FGD building upper roof. After discussion, the following resolution was submitted:

RESOLUTION 22-09

WHEREAS, plans and specifications have been prepared for Unit 9 FGD Upper Roof Overlay Project; and,

WHEREAS, said proposed plans and specifications and proposed form of contract are now on file with the Secretary of the Board and the Board finds the same are in substantial conformity with the requirements necessary to carry out said plans; now therefore, Unit 9 FGD Upper Roof Overlay Project is tentatively approved; and,

BE IT RESOLVED, that the date of July 28, 2022 at 3:30 p.m., is hereby set for receipt of bids on the Unit 9 FGD Upper Roof Overlay Project at which time the Board's duly appointed representatives are hereby authorized, empowered and directed to receive, open and read aloud all sealed bids, and receive and record all oral bids, and keep a written record of said proceedings and notice of receipt of bids to bidders is published not less than thirteen (13) days nor more than forty-five (45) days prior to said date for receipt of bids all as required by the Code of Iowa; and,

BE IT FURTHER RESOLVED, that the hearing on said plans and specifications and proposed form of contract as provided by statute, be held at the office of the Board of Water, Electric, and Communications Trustees of the City of Muscatine, Iowa on August 30, 2022 at 5:28 p.m., and notice of public hearing to bidders be published not less than four (4) days nor more than twenty (20) days prior to said hearing all as required by the code of Iowa.

Trustee Porter moved, seconded by Trustee Eversmeyer, the resolution should be passed, approved, and adopted on this 28th day of June 2022. On roll call Trustees Porter, Fields, McGinnis, Eversmeyer, and Bradford voted aye. Voting nay, none. Resolution carried.

Mr. Huston introduced a recommendation to approve a revised Project Summary Form (PSF) for the 900 Block of Mulberry Ave Water Main Replacement Project. The revised costs of this project moved the approval limit up to the Board level approval. Mr. Huston continued that this year has brought unprecedented increases in material and service costs and the increases in this project cost is due to (1) a greater than 50% increase in the cost of concrete for paving that amounts to \$45,000, (2) unanticipated sewer replacement costs of \$10,000, and (3) additional material cost increases of \$5,700, plus a 5% contingency. Trustee Porter moved, seconded by Trustee McGinnis, a motion to approve the revised PSF for the 900 Block of Mulberry Ave Water Main Replacement Project with a total cost of \$166,100. All Trustees present voted aye. Motion carried.

Mr. Huston introduced a recommendation to approve a revised PSF for the Absorber Feed Tank (AFT) Liner Repair Project, with increased costs for material and labor. He continued the revised PSF work scope has not changed, but the cost to complete the work has significantly risen. Staff had already included substantial increases in the original project cost estimate based on a similar scope of work from a contractor MPW was working with at the time, but Staff did not account for the large increases that happened in the market. Trustee Porter moved, seconded by Trustee McGinnis, a motion to approve the revised PSF for the AFT Liner Repair Project with a total cost of \$414,400. All Trustees present voted aye. Motion carried.

Mr. Huston introduced a recommendation to approve a revised PSF for the West Hill Rectangular Reservoir Repairs Project, with a total price increase of \$38,500 above the original estimate. Staff received two bids for this work, with both bids being significantly above the original estimate for the work, with the \$35,000 increase of cost of coating application being the main driver of the cost variance. Trustee Fields shared with these increases in costs resulting in revisions to PSFs, he would expect that to cover some of these increases Staff will need to consider delaying some projects. Trustee McGinnis moved, seconded by Trustee Eversmeyer, a motion to approve the revised PSF for the West Hill Rectangular Reservoir Repairs Project with a total cost of \$174,700. All Trustees present voted aye. Motion carried.

The next agenda item was to authorize the General Manager to sell an MPW Land Parcel. Mr. Roberts shared that Staff has been in discussions with one of its Industrial customers that is looking to expand its operations. Linde North America Inc – Muscatine (Linde) is looking to roughly double its operations in Muscatine and needs land adjacent to its facility near the intersection of Dick Drake Way and Stewart Road. MPW had a survey and appraisal done of the parcel to the east of Linde's current site. Because the site is no longer needed by MPW but has value to Linde, the Staff recommends selling the land for the appraised value plus costs to accomplish the transaction; Linde has indicated they are comfortable with these values. To keep the process moving, Staff requests Board authorize the General Manager to approve the sale of the 3.6-acre parcel for \$100,000 plus the costs to effect the transaction. With that approval, Linde will do a Phase 1 Environmental

Assessment. We have also asked outside legal support to draft an offer and agreement. If Linde decides to move forward (they are evaluating other sites), MPW could close the transaction by the end of August. No further Board approvals would be necessary. Linde could potentially have the new facility operational in 2023. Trustee Eversmeyer asked if there would be any value to keeping this parcel for solar development; Mr. Huston assured that there are other areas that can be used for additional solar development and that the increased load from the Linde expansion would provide greater value to MPW's customers than using the land for a solar installation. Trustee Porter moved, seconded by Trustee Eversmeyer, a motion to authorize the General Manager to sell to Linde the 3.6-acre parcel that is immediately east of Linde's Muscatine site on Stewart Road to Linde at \$100,000 plus the cost of steps taken by MPW to effect the transaction (estimated at less than \$20,000). All Trustees present voted aye. Motion carried.

Mr. Huston continued in May, the Board approved a reactivation and restructuring of the Electric Utility's Energy Adjustment Clause (EAC). He reviewed the revised structure that was approved and introduced the new recommended structure that would reduce the lower threshold of deadband to 1.135¢/kWh. He stated that customers are still likely to see EAC credits this year with this lower bound, but the new bound does bias the structure toward maintaining stronger cash balances, which is recommended by Staff during this time of high market pricing and the likelihood of large capital expenditures related to the Powering the Future initiative. One further clarification has been added to the structure of the EAC with language clarifying that no credits would be applied if those credits would cause the Utility's cash to fall below determined minimum cash levels. Trustee Porter moved, seconded by Trustee Eversmeyer, to an adjustment the lower bound of deadband to 1.135¢/kWh from 1.889¢/kWh starting with calculation for the month of June 2022 that will affect the Energy Adjustment Clause on customers' bills starting August 1, 2022. In addition, no credits will be applied if the application of an Energy Adjustment Clause credit would result in the Electric Utility's cash falling below minimum cash targets. All Trustees present voted aye. Motion carried.

Next, Mr. Huston reminded the Board the revised Service Rules were presented to the Board of Trustees at the May 2022 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 McGinnis to approve the Service Rules for the Water, Electric, and Communications Utilities as presented at the May Board of Trustees meeting. All Trustees voted aye. Motion carried.

Mr. Huston continued the next meeting agenda item pertained to the Board Policy Manual and the revised manual had been provided to the Board. He stated 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 revisions to the document, noting no action was being requested at this time regarding the Board Policy Manual and stated that approval would be requested at the July Board meeting.

At the June 2, 2022, Muscatine City Council meeting, the Council approved recommendations for appointments to City boards and commissions. Mr. Huston stated Keith Porter was reappointed to the Board of Water, Electric, and Communications Trustees for a second term of July 1, 2022 through June 30, 2028. Trustee Eversmeyer moved, seconded by Trustee McGinnis to receive and place on file the certificate of appointment for Keith Porter 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 Fields be elected Chairperson and Trustee Porter be

elected Vice-Chairperson for the 2022-23 term, beginning July 1, 2022. 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. Mr. Huston also recommended the following appointments for the 2022/2023 Board Committees:

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

Planning and Operations – Steven Bradford and Kevin Fields (Committee Chair)

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

Trustee Porter moved, seconded by Trustee McGinnis, to elect Trustee Fields as Chairperson, Trustee Porter be elected Vice-Chairperson, and Ms. Christensen be elected as Board Secretary for the 2022-23 term, and receive and place on file the 2022/2023 Board Committee appointments. All Trustees present voted aye. Motion carried.

In the General Managers Report, Ms. Cox reviewed the Customer Appreciation Day that took place June 18 and provided an internet package restructuring update. Mr. Huston provided an update on the PFAS (per- and polyfluoroalkyl substances) Health Advisory the EPA issued on June 15. He also reviewed how some neighboring electric transmission resource changes could affect the MPW Power Supply Study planning.

The May Financial Operating Statements and Balance Sheets were presented as previously submitted to all Board members. Mr. Roberts reviewed the MPW dashboard and the May Financial Results Summary for each Utility.

There were no entries on the Competitive Quotes for Public Improvements Report.

Mr. Huston reviewed the Project Status Report and Variance Analysis.

Mr. Huston provided a high-level review of the May Departmental Reports, and Mr. White provided a Powering the Future status report.

Trustee Porter moved, seconded by Trustee McGinnis to receive, and place on file the June 2022 Utility Reports. All Trustees present voted aye. Motion carried.

The meeting was adjourned at 7:10 p.m.

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THE CITY OF MUSCATINE, IOWA



Brenda Christensen
Board Secretary