

NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday March 26, 2013

Meeting was called to order by Commission President Youngquist at 8:00 a.m.

Present: Commissioners Mike Sambs, Kathy Bauer, Tim Hamblin, Jim Gunz, Gordon Falck, Raymond Zielinski, Dale Youngquist; Manager Randall Much, Accountant Roger Voigt.

Also Present: Chad Olsen, Tom Kispert (McMAHON); Paul Much, Rob Franck (MCO); David Maccoux (Schenck).

Commission President Youngquist requested to accommodate those in attendance and to proceed to agenda item 5-B-1; Presentation of 2012 Financial Audit.

Mr. David Maccoux (Schenck) reviewed and discussed with the Commission the Financial Audit Report and letter of Management Communications. The audit provides a clean opinion. After discussion motion made Commissioner Gunz, seconded by Commissioner Bauer to approve the 2012 Financial Audit Report and letter of Management Communications. Motion carried unanimously.

The Commission proceeded with the meeting agenda as published.

February 26, 2013 meeting minutes: After discussion, motion by Commissioner Gunz, second by Commissioner Falck to approve the minutes from the February 26, 2013 Regular Meeting. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

March 11, 2013 letter from Robert Hannes, DNR to Dale Youngquist, NMSC.
RE: Change orders approved.

March 20, 2013 email from Mark Radtke, City of Menasha to Randall Much, NMSC.
RE: March 10, 2013 increased solids levels from Menasha.

New Business

Operations, Engineering, Planning

Chad Olsen distributed and discussed the "Preliminary Engineering Evaluation report for Alternatives To Achieve Future Effluent Phosphorus Limitations". The current effluent phosphorus limit is 1.0 mg/l; from mid-2010 through August 2012 the NMSC averaged 0.4 – 0.5 mg/l. Commissioner Gunz questioned several items: will the current construction project affect the treatment? Chad responded no. Have the phosphorus limits been promulgated? Chad responded yes, the rules came from the EPA and the DNR promulgated. Does the EPA review

the permits? Chad responded typically no, but they have started in instances where a variance is granted. Commissioner Hamblin questioned how many communities are we competing with for the trading options. Chad responded all the communities and several industries along the Fox River; this is the purpose of working with the Fox-Wolf Alliance to eliminate the competition between all the dischargers. Commissioner Sambus questioned how long are the discharge permits for. Chad responded 5 years; typically we will need to meet the limit in 7 – 9 years after permit re-issuance. Estimated capital costs are estimated at \$4.8 million to meet a discharge limit of 0.3 mg/l to \$11.8 million to meet a discharge limit of 0.1 mg/l. The Commission discussed having the communities reducing Inflow/Infiltration further to help in meeting permit limits. Reducing the peak flows will help in phosphorus treatment by reducing the size of equipment needed.

Tom Kispert presented a power point slide show and discussed the construction activities that have occurred since the February 26, 2013 meeting.

Construction Progress Update. Tom Kispert reviewed and discussed his memorandum handout on the plant construction progress, the Certificates for Payment and contract change orders. The high speed blowers from HSI (Contract B) are not meeting specifications. One test of the blowers is based on a 1-day worst case scenario and the blowers were not able to meet this specification which is based on administrative code. HSI has been told an additional blower (#6) would be needed to meet code requirements. HSI has now agreed to provide a sixth blower; they do not think they can meet the delivery date to meet the Focus-on-energy grant. The Commission discussed who is responsible to pay for the additional costs for the installation and power upgrade needed to accommodate the additional blower. The Commission further discussed how to proceed with the negotiations and how much the Commission would be willing to pay toward the needed upgrades. Tom will establish the estimated additional installation costs.

Commission Attorney Thiel entered the meeting.

After discussion, motion by Commissioner Gunz, second by Commission President Youngquist to authorize McMahon to negotiate with HSI to provide the additional blower and for the NMSC to pay up to one-half of the installation costs with a maximum cost to the NMSC of \$75,000. By roll call vote, voting aye: Commissioners Sambus, Gunz, Bauer, Falck, Hamblin. Voting nay: Commissioner Zielinski. Motion carried.

Tom discussed the HSI request for payment; no payment amount has been approved due to the performance issue. It was the consensus of the Commission for Tom to be given permission on making approval on the payment request based on the discussions with HSI in negotiating who will be paying the additional installation costs.

After discussion, motion by Commissioner Gunz, second by Commissioner Falck to approve for payment Certificate for Payment #5 from August Winter & Sons Inc. in the amount of \$595,570.20. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Bauer to approve Change Orders #5, #6 and #7 from August Winter & Sons Inc. in the amounts of \$4,919.00, \$1,484.00 and \$20,753.33. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve for payment McMahon invoices: #43024 - \$6,100.00; #43025 - \$2,640.00; #43026 - \$890.00; #43027 - \$1,003.00; #43028 - \$18,863.22; #43029 - \$1,040.00; #43030 - \$2,782.00; and #43031 - \$33,971.00. Motion carried unanimously.

Commissioners questioned and discussed the invoices from Quarles & Brady for the legal services for the Clean Water Fund bonds for the communities. After discussion, motion by Commissioner Gunz second by Commissioner Bauer to approve Quarles & Brady invoices #1819026, #1819027, #1819028, and #1819029 totaling \$47,000. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Bauer to approve invoice #4004 from John E. Thiel Law Office in the amount of \$1,120.00 for legal services related to the plant construction project. Motion carried unanimously.

Manager Much discussed the Operating Report for February. The plant is operating well; there was a big spike in mercury from Neenah. Manager Much discussed what has been done to date to locate and eliminate sources of mercury in the sewer system. Manager Much discussed a phone call received from Jim Potratz regarding the new sludge hauling and storage agreement and the subsequent discussion with Bob Potratz. Manager Much was confident Jim and Bob Potratz have now discussed the issue and sludge hauling will proceed in November. After discussion, motion by Commissioner Hamblin, second by Commissioner Falck to accept the Operating Report for February. Motion carried unanimously.

Budget, Finance, Personnel

Accountant Voigt discussed the Financial Statements for the month of February 2013. After discussion, motion by Commissioner Bauer, second by Commissioner Gunz to accept the financial statements for the month of February, 2013. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve Operating and Payroll Vouchers #133595 thru #133650 in the amount of \$411,264.13 for the month of February 2013. Motion carried unanimously.

Accountant Voigt discussed the Accountant's Report for February 2013. The accounts at Prospera Credit Union have been closed. The interest rates on the checking and money market accounts have not changed. MCO generated \$5,900 in income for the Commission in February. Accountant Voigt reported the Cash Flow report was updated to current known information. Motion by Commissioner Falck, second by Commissioner Zielinski to accept the Accountant's Report and Cash Flow Report for the month of February 2013. Motion carried unanimously.

Motion by Commissioner Bauer, second by Commissioner Falck to approve for payment MCO invoices #17208 - \$120,999.70; #17245 - \$643.10; and #17239 - \$461.84 and to pay the invoices after April 1, 2013. Motion carried unanimously.

Motion made by Commissioner Falck, second by Commissioner Zielinski to convene into Closed Session pursuant to Wis. Stats. §19.85(1)(g) to confer and review written and/or oral legal advice by legal counsel to the Commission as to litigation strategy and status of matters concerning the

lawsuit(s) commonly referred to as the Fox River Litigation. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Samsb, Hamblin, Bauer, Gunz, Falck, Youngquist.

Meeting convened into Closed Session at 10:07 am.

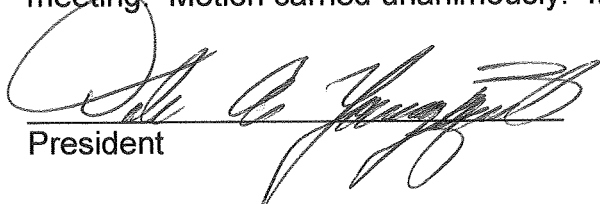
Motion made by Commissioner Bauer, second by Commissioner Hamblin to adjourn the Closed Session. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Samsb, Hamblin, Bauer, Gunz, Falck, Youngquist.

Meeting convened into Open Session at 10:44 am.

Commissioners Gunz, Bauer, and Zielinski requested to be excused from the plant tour.

Tom Kispert led the Commissioners on a tour of the facility to see firsthand the equipment being replaced. Tour concluded at approximately 1:45 pm.

Motion made by Commissioner Hamblin, seconded by Commissioner Samsb to adjourn the meeting. Motion carried unanimously. Meeting adjourned at approximately 1:45 p.m.



President



Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY APRIL 23rd 2013.