



MEMORANDUM

TO: Mayor Merkes, Council President Hendricks and the members of the City of Menasha Common Council

FROM: Tom Stoffel - Comptroller/Treasurer

DATE: 08/31/2010

SUBJECT: Loan to City of Menasha Sewage Utility

The city of Menasha, along with the city of Neenah have been paying for the litigation expenses incurred by the NM Sewage Commission involving the matters related to the PCB contamination in the Fox River. In the month of September, the City will be asked to pay approximately \$260,000 to the Commission as our part of the litigation expenditures now outstanding. However, the Sewage Fund currently has a cash balance of approximately \$145,000.

I am seeking Council permission to make a loan of up to \$200,000 from the General Fund to the Sewage Fund to provide the necessary cash to pay the Sewage Funds obligations. This loan will be at the same rate that the City is able to invest the money at and will be repaid to the City when the Sewage Fund has sufficient dollars on hand to do so.

The reason for a loan and not a transfer is because the Fund is supported by user fees and not by tax dollars. As a reminder, litigation counsel continues to seek reimbursement from the insurance companies as part of the carriers "duty to defend" obligations.