NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday February 28, 2012

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

Present: Commissioners Tim Hamblin, Kathy Bauer, Raymond Zielinski, Mike Sambs, Dale Youngquist; Manager Randall Much, Attorney John Thiel, Accountant Roger Voigt.

Excused: Commissioners Gunz, Falck.

Also Present: Tom Kispert, Chad Olsen, Amy Vaclavik (McMAHON); Gary Mennen (resident-Town of Greenville); Mike King (Post Crescent); Paul Much (MCO).

Commissioners discussed the minutes from the Regular Meeting and Closed Session of January 24, 2012. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Bauer to approve the minutes of the Regular Meeting and Closed Session of January 24, 2012. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

A. February 16, 2012 letter from David Kliber, President SF Analytical Laboratories to NMSC President William Zelinski.
   RE: Wisconsin DNR disqualifying certain WET testing performed.

B. February 21, 2012 letter from Susan Sylvester, WDNR Director Bureau Water Quality to NMSC President William Zelinski.
   RE: Disqualified WET testing from SF Analytical Laboratories.

Budget, Finance, Personnel

Accountant Voigt presented the financial statements for the month of January 2012. The financial statements are preliminary and do not include all the year-end adjustments. The auditors have completed their work at the treatment plant and are waiting for responses from the Commission's attorneys to be able to finish up the report. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Sambs to approve the Financial Statements for the month of January. Motion carried unanimously.

Accountant Voigt presented the Accountant's Report and Cash Flow Projection for the month of January. The interest rates have not changed; MCO generated $4,600 in income to the Commission in January. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Bauer to accept the Accountant's Report and cash flow projection for January. Motion carried unanimously.

Motion made by Commissioner Bauer, seconded by Commissioner Zielinski to approve operating and payroll fund vouchers #132790 through #132835 in the amount of $346,765.80 for the month of January 2012. (No Construction Fund Vouchers in January). Motion carried unanimously.

Accountant Voigt presented MCO Invoices #16218, #16259 and #16253 in the amounts of $118,745.45, $440.55 and $894.55. After discussion, motion made by Commissioner Hamblin, seconded by Commissioner Zielinski to approve for payment MCO Invoices #16218, #16259 and #16253 and to pay the invoices after March 1, 2012. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoices #48340 - $8,625.00; #48339 - $26,400.00; #48386 - $1,695.00; #48477 - $3,337.60; and #48520 - $2,031.00. After discussion, motion made by Commissioner Bauer seconded by Commissioner Hamblin to approve for payment invoices #48340, #48339, #48386, #48477, and #48520. Motion carried unanimously.

Accountant Voigt presented and explained the Certificates for Payment received for Contracts A, C, and D. These requests represent the 5% owed on the various equipment procurement items for submittal of the shop drawings. Contracts A, C, and D are all with LAI Ltd. After discussion, motion made by Commissioner Bauer, seconded by Commissioner Sambs to approve for payment the Certificates for Payment received from LAI Ltd. for Contracts A, C, and D. Motion carried unanimously.

Operations, Engineering, Planning

Manager Much had three items to report on: 1) The turbo unit for the methane engine has been ordered and was shipped. The turbo is somewhere between here and Germany. 2) The chlorine generation unit is expected to be started up today. MCO has two master electricians on-site here at the NMSC who have spent over 400 hours doing the wiring to get this unit set up. There have been some issues with the internal wiring on the unit and the manufacturer needed to send a technician here to correct the wiring. The manufacturer sent the unit to the NMSC with these internal wiring issues. Commissioner Hamblin questioned who is responsible for the costs; Manager Much responded there will be no cost for MCO's labor. President Youngquist reminded the Commissioners that MCO has not been charging the NMSC for extra services performed. 3) Manager Much attended the recent Government Affairs Seminar; one item topic was the EPA and regulations. The EPA has areas of concern with larger communities; the NMSC was on the map as one of these communities. The City of Oshkosh was another community and they currently have enforcement action against them; Oshkosh needed to hire an attorney, consultants, and prepare reports for submittal to the EPA. Oshkosh has quite an issue in dealing with the EPA. Attorney Thiel questioned if this was due to sanitary overflows in Oshkosh; Manager Much indicated it was part of the issue. Attorney Thiel reported Oshkosh has had severe problems with overflows. Commissioner Bauer questioned if there is anything we can do proactively; at this time there is not anything to do. After discussion, motion by Commissioner Zielinski, seconded by Commissioner Sambs to accept the Operating Report for January.

Tom Kispert updated the Commission on the facilities upgrade project. The facilities design is moving forward, shop drawings have been coming in from the equipment supplier. Tom reported he needs acceptable shop drawings before we can do plans. The original submittal date to submit the design to the DNR was scheduled for April 6; we are now looking at an additional 30-

45 days for the submittal. Tom indicated the biosolids storage facility needs to be determined for the final design.

Tom Kispert discussed the Controls & SCADA. Scott Mahnke (McMahon) is working with plant staff; systems older than 15 years will be replaced.

Tom Kispert discussed the GIS based work order system. The work order system is up and running; there have been some bugs in the programming but they are being worked out. Work on the GIS portion is under way. President Youngquist questioned if there will be a presentation at the March meeting. Tom responded yes, that is the plan.

Manager Much reported there is still activity on the centrifuge issue by Centrysis. We have been contacted by the Wisconsin Economic Development Council requesting additional information.

Amy Vaclavik updated the Commission on the Clean Water Fund (CWF). Amy referred to her memo that was included in the packets. Amy has met with the communities; currently the CWF application will include the equipment procurement and building modifications. If the biosolids storage building location and design are known, this can then be included with the CWF application as one application for the project. Amy brought forth items to be discussed: 1) How will the CWF debt be distributed as well as the Sonoco portion of the debt? President Youngquist responded he thought it would be spread among the communities. Amy questioned what percentage should be used to calculate the distribution; the Commission was provided three alternatives. There was a brief discussion. After discussion, motion by Commissioner Bauer, seconded by Commissioner Hamblin to allocate the Sonoco percentage of the borrowing to the communities based on the municipality percent of use from the most current year 2011 actual. Motion carried unanimously. 2) Amy will need to receive authorized representative resolutions to designate someone in the community to sign their paperwork and loan resolutions. 3) Amy discussed her need to have a Bond Counsel available when questions arise during this process. The NMSC used Tom Griggs with Godfrey & Kahn; the majority of the other communities use Rebecca Speckhard from Quarles & Brady. Amy has talked with both Attorney Thiel and Attorney Speckhard. Attorney Speckhard indicated most of the questions that will come up will fall under the responsibility of the community. If the NMSC needs answers, this could be done on a time and expense basis. Attorney Thiel reported Rebecca has done more CWF work and has worked with some of the communities; he had some concern of conflict of interest but this can be dealt with. Attorney Thiel explained to the Commission that Amy is looking for the Commission to give approval for her to work with a Bond Counsel for the Commission needs for the CWF. Attorney Griggs rate is $450 per hour, Attorney Speckhard's rate is $425 per hour. Amy has worked with Rebecca previously and is comfortable working with her. The Commission should have a motion to hire special counsel to assist as-needed for Bond Counsel services. After discussion, motion by Commissioner Bauer, seconded by Commissioner Sambs to allow McMahon to use Quarles & Brady as-needed for Special Bond Counsel at a cost not to exceed $5,000 without additional approval from the Commission. Motion carried unanimously. 4-5) A draft inter-municipal agreement should be sent to Quarles & Brady. 6) Attorney Thiel reported he is waiting to hear back from the Board at U.S. Paper (Sonoco); management in North Carolina has recommendations for the Board of Directors, we do not know what the recommendations are or when the Board is meeting. 7-8) A variance request needs to be completed; Quarles & Brady can help with this document. Once this document is approved and the variance granted, we

would not need to have the contracts with MCO and Sonoco reviewed. 9) The communities may need to prepare new sewer service charges prior to receiving the CWF closing; this will be necessary for any communities using Revenue Bonds for the CWF.

Tom Kispert discussed the change order received from Unison Solutions for Equipment Procurement Contract N. Tom discussed the need and reasons behind the change order. By increasing the size for capacity, it will improve the efficiency. The size if being increased 40 percent. President Youngquist questioned why we didn't know we would have needed the larger size initially; the original unit sized did not take into account the efficiency of the boiler. After discussion, motion by Commissioner Bauer, seconded by Commissioner Hamblin to approve change order #1 for Equipment Procurement Contract N for an increase of $22,343.00. Motion carried unanimously.

Old Business

Attorney Thiel provided an update on the Fox River litigation. The trial for arranger liability began on Tuesday February 21st. In the arranger trial, the NMSC is a defendant. From Tuesday through Friday the defendants put in their case; now the Federal & State Governments, NCR, and API (plaintiffs) are presenting their position. Attorney Thiel read a report to the Commission received from Davis & Kuelthau on the trial.

Biosolids. Chad Olsen indicated he has no new information to discuss at this time.

Motion made by Commissioner Zielinski, seconded by Commissioner Hamblin to convene into closed session pursuant to Wis. Stats. § 19.85(1)(e) to discuss strategy concerning the Contracted Industrial User as it affects the financing of the Sewer Plant Project. Also, pursuant to Wis. Stats. § 19.85(1)(e) to discuss identified real estate options for placement of a building to be used by the Commission for which bargaining reasons and developing acquisition strategy require a closed session to protect the public investment and spending of public funds. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Hamblin, Sambs, Youngquist.

Meeting convened into closed session at 9:15 am.

After discussions, motion made by Commissioner Zielinski, seconded by Commissioner Bauer to adjourn the closed session and return in regular open session. By roll call vote taken, motion carried unanimously by Commissioners Zielinski, Bauer, Hamblin, Sambs, Youngquist. The Commission returned to Regular open session at 10:28 am.

Motion made by Commissioner Zielinski, seconded by Commissioner Bauer to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:28 a.m.

Dale A. Youngquist
President

Katherine Bauer
Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY March 27th, 2012.