

NEENAH-MENASHA EWERAGE COMMISSION

Regular Meeting

Tuesday October 9, 2012

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

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

Excused: Commissioners Kathy Bauer, Gordon Falck.

Also Present: Tom Kispert (McMAHON); Paul Much (MCO); Mike King (Post Crescent).

Commissioner Hamblin requested further details on items discussed at the Regular Meeting and Closed Session. Items questioned were in Old Business – the authority granted to Manager for approving change orders; and the contract start date indicated in the Closed Session minutes regarding the start date for potential biosolids hauling agreement. President Youngquist and Commissioners addressed the questions asked. After discussion motion made by Commissioner Zielinski, seconded by Commissioner Sambs to approve the minutes of the Regular Meeting and Closed Session of September 25, 2012. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

- A. September 26, 2012 letter from Randall Much, NMSC to Mayor Don Merkes, City of Menasha.
RE: NMSC Clean Water Fund financing request to increase borrowing amount.

Commissioner Hamblin questioned the various dollar amounts listed in the letter: \$22,440,105, \$22,151,781, and \$25,500,000. Accountant Voigt responded. The \$22,440,000 is the current amount of the project; the \$22,151,000 is the amount to request from the Clean Water Fund. The approximately \$300,000 difference consists of grant money from Focus on Energy and storage building costs that will not qualify for reimbursement from the Clean Water Fund. The \$25,500,000 was the original estimated project cost in August 2011.

Old Business

NMSC Insurance Agent. Accountant Voigt reported on the pages of minutes included for information to the Commissioners. The minutes are excerpts from the last time the Commission looked at insurance agents and insurance coverage; this was in 2003. Commissioner Gunz indicated he has some problems with following an agent and they are no longer with a local firm. Commissioners further discussed this topic. Commissioner Gunz further reported on difficulties in obtaining competitive bids from insurance companies; generally the insurance company will only provide a quote to the current agent. It was the consensus of the Commissioners to look at insurance agents next year.

New Business

Operations, Engineering, Planning

Tom Kispert discussed the EPA Air Permitting. The application is complete and needs the Managers signature. The sulfur levels are just below the Type A requirements. Modeling will be required to be performed; the DNR will perform the modeling for their benefit to provide themselves with more knowledge on the modeling procedure. The Commission may need to install higher stacks for the methane gas flare.

Tom Kispert updated the Commission on the Phosphorus construction cost analysis. Chad has the data from the last three years reviewed; he is now looking at budgetary costs and equipment sizing. The Commission further discussed the purpose of this exercise and adaptive management. Chad is waiting for additional information from the DNR.

Tom Kispert discussed the Notice to Proceed for the WWTF Modification project. Tom recommends approval of the Notice to Proceed contingent on approval of short term financing from the local financial institutions. Motion by Commissioner Gunz, seconded by Commissioner Hamblin to authorize approval and signature of the Notice to Proceed upon notification from the local financial institution on their commitment to provide short term financing. Motion carried unanimously. Tom reported there is a preconstruction meeting scheduled for Tuesday October 16 with the contractor. They will begin mobilizing on Monday October 15 with construction planned to start on October 22. Accountant Voigt will contact First National Bank Fox Valley (FNB-FV) to obtain status of short term borrowing. Commissioner Hamblin questioned the amount of the short term borrowing; Accountant Voigt reported the current loan is \$4,500,000. FNB-FV is working on putting together a package totaling \$11,000,000.

Tom Kispert reported to the Commission he has no additional information at this time on the Wastewater Treatment Modification Project.

Budget, Finance, Personnel

Accountant Voigt updated the Commission on the Clean Water Fund. The City of Menasha approved the increase in the dollar amount to be requested from the Clean Water Fund. FNB-FV has two additional banks lined up for providing the funds for the short term borrowing. The respective boards from the financial institutions are meeting this week to approve the loan for the short term borrowing. It was questioned when the Agency Agreements will need to be signed. Tom reported he will contact Amy Vaclavik for more information on this question.

Accountant Voigt presented an engagement letter from Godfrey & Kahn for the purpose to set forth the role and responsibilities they will assume for the issuance of an \$11,000,000 Sewerage Commission Revenue Bond Anticipation Note. Commissioners discussed and expressed their concern over the dollar amount of their fees: \$14,000 to \$18,000. Commissioner Gunz reported they are selling their opinion on the issue being tax exempt. They are also providing services that are needed by the banks; part of their fee is also partially based on the loan amount. After discussion motion by Commissioner Gunz, seconded by Commissioner Zielinski to approve the services of Godfrey & Kahn as bond counsel for the \$11,000,000 Sewerage Commission

Revenue Bond Anticipation Note per their engagement letter. Motion carried unanimously. Accountant Voigt was instructed to watch the pricing for the services performed for this project.

Motion made by Commissioner Gunz, seconded by Commissioner Zielinski to approve operating and payroll fund vouchers #133214 through #133272 in the amount of \$583,419.83 for the month of September 2012 and Construction Fund Vouchers #138 through #140 in the amount of \$250,700.16 for the month of September 2012. Motion carried unanimously.

Discussion on Project Prepayment. Accountant Voigt updated the Commission on the communication with Attorney Thiel regarding the potential inquiry from the Town of Neenah S.D. 2 attorney and subsequent receipt of such inquiry regarding the authority of the Commission to not allow the prepayment for the project costs. Commissioner Gunz provided the Commission a brief history on the wording in the ordinance-contract regarding prepayment on the project in the mid-1980's and the opinion of Commission Attorney Dan Goggin on allowing prepayment on the project. Commissioner Gunz further explained the basic concern of any contract user prepaying and why it should not be allowed; this is the only way (not allowing the prepayment) to establish accurate charges to all the users. After discussion it was decided that Attorney Thiel should be contacted and informed on these discussions and to reply to the Town of Neenah S.D. 2 attorney.

There was no reason at this time to proceed into closed session for discussion.

Motion made by Commissioner Gunz, seconded by Commissioner Zielinski to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 8:50 a.m.

President

Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY OCTOBER 23rd, 2012.