NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday December 20, 2011

Meeting was called to order by Commission Vice-President Zielinski at 8:00 a.m.

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

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

Commissioners discussed the minutes from the Regular Meeting and Closed Session of November 22, 2011; Commissioner Gunz indicated a reference in the Regular Meeting minutes indicated Attorney Gunz and should be corrected to Commissioner. Commissioner Gunz also requested future minutes to reflect only last names of the Commissioners in the minutes. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Sambs to approve the minutes of the Regular Meeting as corrected and Closed Session of November 22, 2011. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

A. November 28, 2011 letter from Senator Michael Ellis and Representative Dean Kaufert to Katherine Bauer, NMSC Secretary/Treasurer.
RE: Correspondence received concerning centrifuge project.

B. December 6 – 8 emails discussing letter from Senator Ellis and Representative Kaufert.

Manager Much reported he talked with Representative Kaufert and explained the bidding process. Commissioner Bauer reported on talking with Menasha Mayor Merkes and a response he (Merkes) also received on the centrifuge bidding. Commissioner Bauer suggested we need to respond to all and address the issue. Tom Kispert (McMahon) distributed the scoring evaluation for the centrifuge project. The Commissioners further discussed the results of the scoring. Commissioner Gunz questioned centrifuges and the technology. Tom Kispert responded. Tom Kispert reported an attorney for Alfa Laval requested copies of the letters and information received from Centrisys; Alfa Laval disputes the claims being made. Commissioner Bauer questioned the claim of $30,000; Tom Kispert responded. Commissioner Youngquist indicated we have professionals, we had a process, all were made aware of the process. We should have a simple response. Manager Much added every vendor had their chance; several months were spent reviewing the equipment. Commissioner Gunz indicated this is a political issue; the $30,000 is an objective amount, other savings calculated are subjective. With all things being equal, we should support the local companies. Commissioner Gunz further questioned if all the bidders were provided the evaluation report. Tom responded that they were not. Manager Much asked the Commissioners if we should respond and to whom. Commissioner Bauer responded we

should respond to Mr. Reiter, and possibly the Economic Development Corp. with a cc. Additional discussion included sending a cc to Senator Ellis and Representative Kaufert.

Budget, Finance, Personnel

Teri Stecker (Johnson Insurance) discussed the NMSC property & liability insurance renewals. She reported she has started to see rate increases on other policies beginning in September. The NMSC property rates have increased 10%; 4% of this increase is due to the increase in property values. Commissioners questioned insurance and insurance levels for the upcoming plant upgrade. Teri reported we will be adding a builders risk policy; we will also need to address the property limits with the new equipment being installed. Commissioner Falck questioned the liability limits and if they are adequate. Liability limits were further discussed as well as limits that should be in effect for contractors with the plant upgrade. Commissioner Hamblin questioned if we have specialized coverage for environmental pollution; the Commission does not have this type of coverage. Teri Stecker indicated five of the eight policies are minimum premiums. After discussion motion by Commissioner Youngquist, seconded by Commissioner Bauer to renew the insurance contracts as stated in the renewal. Motion carried unanimously. Commissioner Gunz made a motion to solicit quotes for an additional $2 million in umbrella coverage. After discussion, Commissioner Gunz withdrew his motion. It was the consensus of the Commission to obtain quotes for additional umbrella limit coverage's. Commissioner Hamblin questioned if we could obtain environmental coverage during the plant upgrade. Teri Stecker indicated the coverage may be very expensive with a very high deductible. Commissioner Youngquist questioned if other wastewater plants have this type of coverage. Teri reported she is not aware of any plants currently having this type of coverage.

Manager Much discussed MCO's contract adjustment request. The CPI-U increase is at 3.5%; MCO is requesting an increase of 2.5% on the base contract amount. MCO has been able to have a decrease in its health insurance rates of 10% from last year. Commissioner Gunz questioned when the current contract with MCO was entered into and if any analysis were performed. No analyses were done; the original contract was in 1988 the current contract was structured a couple years later. Commissioner Gunz requested to receive a copy of the current contract with MCO. Accountant Voigt will provide the contract and updates to Commissioner Gunz. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Youngquist to approve the contract adjustment for 2012 with Midwest Contract Operations, Inc. Motion carried unanimously.

Accountant Voigt presented the financial statements for the month of November 2011. The short term borrowing required one-half of the loan to be drawn by November 30. Due to miscommunication with the bank this did not occur until the first week of December. A verbal request was made with the bank, but was not followed up with a written confirmation of the request. Commissioner Youngquist questioned if Sonoco would participate in any refunds issued from the current surplus in the Operations. Accountant Voigt indicated yes they have been receiving any refunds that are issued. After discussion, motion made by Commissioner Youngquist, seconded by Commissioner Bauer to approve the Financial Statements for the month of November. Motion carried unanimously.

Accountant Voigt presented the Snow Plowing agreement for 2011-2012. The wording in Section Three was corrected. Motion made by Commissioner Youngquist, seconded by Commissioner Sambs to approve the Snow Plowing and Removal Contract with AM Truck / Levenhagen Corporation. Motion carried unanimously.

Attorney Thiel reported on his review of the billing and timing of the request for a fee adjustment and also on his discussion he had with Attorney Griggs from Godfrey & Kahn. Attorney Thiel indicated one issue leading to more time spent on the project was due to changing in how the borrowing method would be handled. Commissioner Gunz questioned why Attorney Griggs was needed for the storage building. Attorney Thiel reported it involved the issue of private activity and Clean Water Fund eligibility. Commissioner Youngquist reported the borrowing became more complicated than originally anticipated and he feels it is reasonable to settle at $20,000 for the fees from Godfrey & Kahn. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Bauer to pay an additional $4,000 to Godfrey & Kahn for the legal services for the Revenue Bond Anticipation Note. Motion carried unanimously.

Attorney Thiel discussed updating the Open Records Policy of the Commission. The current policy references an Attorney Manual; no one is aware of any such manual and this item should be deleted from the policy. Attorney Thiel requested input from the Commissioners on the policy. Further review needs to occur on written requests and language for custodian in the current policy. It was questioned if requests by email should be allowed; due to the management arrangement it was recommended not to allow email requests. Commissioner Gunz indicated written requests are important in our situation.

Accountant Voigt presented MCO Invoices #16073 and #16129 in the amounts of $117,965.87, and $602.35. Commissioner Gunz questioned the billing for the use of MCO vehicles; Manager Much responded. After discussion, motion made by Commissioner Youngquist, seconded by Commissioner Hamblin to approve for payment MCO Invoices #16129 and #16129 and to pay the invoices after January 1, 2012. Motion carried unanimously.

Accountant Voigt presented the Accountants Report and Cash Flow Projection for the month of November. The interest rates have not changed; MCO generated $4,500 in income to the Commission in November. The December restricted cash account for Construction Funds will increase due to the required loan draw. After discussion, motion made by Commissioner Hamblin, seconded by Commissioner Youngquist to accept the Accountants Report for November. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoices #47678 - $7,150.00; #47677 - $32,100.00; #47675 - $2,150.00; #47676 - $872.00; #47717 - $3,000.00; #47659 - $3,510.45; and #47658 - $149.00. After discussion, motion made by Commissioner Youngquist seconded by Commissioner Bauer to approve for payment invoices #47678, #47677, #47675, #47676, #47717, #47659, and #47658. Motion carried unanimously.

Operations, Engineering, Planning

Manager Much presented and discussed the operating report for the month of November 2011. The printed report includes graphs of loading received during the year. Manager Much reported

on the status for repairing the methane engine; the repairer thinks he knows the issue and it would be $8,000 to make this repair. There is no guarantee this would fix the problem. Commissioner Falck indicated if this fixes the issue, it would still be a good return on the investment with the income generated by this unit; we should go ahead with the repair. Manager Much reported the equipment would be repaired by the vendor from Milwaukee. After discussion, motion made by Commissioner Falck, seconded by Commissioner Hamblin to proceed with making the repair to the methane engine. Motion carried unanimously.

Tom Kispert updated the Commission on the facilities upgrade project. The equipment shop drawings will start coming in in January.

Tom Kispert discussed the Controls & SCADA. Work is proceeding on the final design; hazardous areas have been identified; process/instrumentation diagrams are being created. Manager Much reported a meeting with the McMahon electrical people will be held to go over the system.

Tom Kispert discussed the GIS based work order system. The software has been installed; the data will be updated; staff training will begin next week. The program should be up and running in a few weeks.

Tom Kispert reported he received some general questions from Mike King regarding the centrifuge equipment. Commissioner Youngquist questioned if the time value of money was included in the evaluation process. Tom responded yes it was.

Old Business

Biosolids. Chad Olsen discussed with the Commission his letter to Fred Hegeman (DNR) regarding their meeting to review a proposal for making changes with the NMSC digestion system to meet Class A biosolids requirements. His meeting with Fred Hegeman was positive and he was generally accepting of the approach discussed. If we receive a positive response, Chad recommends going this route to achieve the Class A biosolids. This method would require additional testing initially to confirm the Class A level. Commissioner Falck questioned if we are committed to going to Class A biosolids. Chad was instructed to look at the options available and the costs associated with these options. Chad indicated he anticipates receiving a response from the DNR by the next meeting. Chad reported further on the 60 sites presented as possible options for a biosolids storage building site; the list has been reduced to 12 sites for further consideration.

Commissioner Bauer was excused from the meeting to attend to personal matters (8:40 am).

Commission Vice-President Zielinski recognized former Commissioner William Zelinski who was in attendance.

Motion made by Commissioner Youngquist, seconded by Commissioner Falck 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 and this involves the investment and spending of public funds and competitive and bargaining reasons require a

closed session to discuss such strategy to vendors to best serve the public interest and 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 Youngquist, Hamblin, Sambs, Falck, Gunz.

Meeting convened into closed session at 9:41 am.

After discussions, motion made by Commissioner Youngquist, seconded by Commissioner Hamblin to adjourn the closed session and return in regular open session. Motion carried unanimously by Commissioners Youngquist, Hamblin, Sambs, Falck, Gunz. The Commission returned to Regular open session at 10:04 am.

Vouchers

Motion made by Commissioner Youngquist, seconded by Commissioner Falck to approve operating and payroll fund vouchers #132686 through #132735 in the amount of $292,018.28 for the month of November 2011; and Construction Fund Vouchers #104 and #105 for the month of November in the amount of $94,011.90. Motion carried unanimously.

Motion made by Commissioner Falck, seconded by Commissioner Gunz to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:06 a.m.

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Vice-President Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY January 24th, 2012.