NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday June 26, 2012

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

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

Excused: Commissioner Kathy Bauer

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

Commissioners discussed the minutes from the Regular Meeting and Closed Session of May 22, 2012 and from the Special Meeting and Closed Session of June 7, 2012. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Sambs to approve the minutes of the Regular Meeting and Closed Session of May 22, 2012 and for the Special Meeting and Closed Session of June 7, 2012. Motion carried unanimously.

Correspondence

There was no correspondence to be discussed.

Bill Glatz introduced himself as an independent consultant who is here representing Merrick Potratz. Mr. Glatz further explained Bob Potratz (Gizmo Farms) is looking to retire; get out of sludge hauling, and sell the ethanol plant. Bob Potratz's son, Merrick is ending his career in the Air Force and is looking to run the Gizmo enterprises. Mr. Glatz is here before the Commission to ask if there is any interest in Gizmo Farms to provide pricing for biosolids hauling and land application services. President Youngquist indicated we are well past this point in our search. Commission Falck indicated he would be interested in seeing a proposal, but we would need something quick. Attorney Thiel reported to the Commissioners he has worked with Mr. Glatz in the past and he can vouch for Mr. Glatz's creditability. Commissioner Gunz asked who would we be dealing with, Bob (Potratz) or his son (Merrick)? Mr. Glatz responded it would be with both Bob and Merrick for the next year. Discussion continued. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Zielinski to authorize Manager Much, Attorney Thiel, and President Youngquist to meet with Gizmo Farms representatives in exploring entering into an agreement for biosolids hauling and disposal. Motion carried unanimously. The Commission and Gizmo representatives will meet on Friday June 29 at 8:00 am for discussions.

Old Business

Biosolids. Chad Olsen reported there is no information to be discussed at this time in open session.

New Business

Budget, Finance, Personnel

Accountant Voigt presented the financial statements for the month of May 2012. The Commission discussed the reported Accounts Receivable and Payable. The Commissioners would like to see the portion of the receivables and payables related to the electrical billing overcharge listed separately on the summarized balance sheet. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Zielinski to approve the Financial Statements for the month of May. Motion carried unanimously.

Accountant Voigt presented the Accountant's Report and Cash Flow Projection for the month of May. The interest rates have not changed; MCO generated $4,500 in income to the Commission in May. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Hamblin to accept the Accountant's Report and cash flow projection for May. Motion carried unanimously.

Motion made by Commissioner Zielinski, seconded by Commissioner Gunz to approve operating and payroll fund vouchers #132986 through #133038 in the amount of $562,640.56 for the month of May 2012 and Construction Fund Vouchers #126 through #130 in the amount of $206,380.81 for the month of May 2012. Motion carried unanimously.

Accountant Voigt presented MCO Invoices #16513, #16567 and #16564 in the amounts of $118,845.45, $441.15 and $123.70. After discussion, motion made by Commissioner Falck, seconded by Commissioner Hamblin to approve for payment MCO Invoices #16513, #16567 and #16564 and to pay the invoices after July 1, 2012. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoices #49638 - $17,700.00; #49637 - $47,600.00; #49635 - $440.00; #49636 - $1,245.19; and #49688 - $6,000.00. Chad Olsen (McMahon) reported invoice #49636 for $1,245.19 was billed in error and should not be paid. After discussion, motion made by Commissioner Falck seconded by Commissioner Gunz to approve for payment invoices #49638, #49637, #49635, and #49688. Motion carried unanimously.

Tom Kispert discussed Certificate for Payment #1 for Contract P – Diesel Generator Sets from Cummins NPower. The shop drawings are approved and the 5 percent payment for Contract P can be approved. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Falck to approve for payment Certificate for Payment #1 for Contract P to Cummins NPower in the amount of $17,078.91. Motion carried unanimously.

Operations, Engineering, Planning

Manager Much discussed the EPA air permit requirements. We will need to follow the exercise to determine which permit will be needed by the Commission. We will need some engineering assistance for completing. McMahon will have a proposal at the next meeting. Tom Kispert indicated he did a cursory review of the requirements and it appears the permit needed by the Commission would be at the lowest level. Commissioner Gunz questioned if this can be done in house. Randy responded these items are not in his area of expertise.

Manager Much reported the plant is operating well and there are no real operating issues. The generator has been running. Commissioner Hamblin questioned meeting effluent mercury limits. Manager Much reported on the issues being seen on influent samples collected for mercury testing; high levels occasionally are received with no ability to identify the source. Some of the high levels are coming from residential areas. Chad Olsen reminded the Commissioners on how low of a level that needs to be tested for mercury and if someone with amalgam fillings would breath on the sample this would contaminate the sample. The testing limit for mercury is at nanogram per liter (ng/l) levels (a nanogram is one part per trillion or one-billionth of a gram). After discussion, motion by Commissioner Falck, seconded by Commissioner Hamblin to accept the Operating Report for May. Motion carried unanimously.

Manager Much reported on the annual Compliance Maintenance Annual Report (CMAR). This is the report card for the performance of the plant. The only concern is in the flows and loadings section; a grade of "D" was received. All the remaining categories in the CMAR received a grade of "A". After discussion, motion made by Commissioner Hamblin, seconded by Commissioner to adopt NMSC Resolution 2012-1. Motion carried unanimously.

Chad Olsen reported on the proposal to assist with evaluating potential phosphorus reduction tools. Discussions were held with the Fox-Wolf Watershed Alliance; we should see a proposal from them at the next meeting.

Tom Kispert updated the Commission on the facilities upgrade project. He met with Joe Cantwell from Focus on Energy regarding the grant monies for the Commission and discussed the startup deadline of December 31 and issues if we don't meet the deadline. He will meet with him again in October to re-evaluate the startup deadline and if we need to change the deadline date.

Tom Kispert updated the Commission on the System Controls/SCADA. Tom explained the existing switchgear in the headworks building and east blower building and issues with current arc flash requirements. Additional discussion ensued on arc flash rules and the impact on the plant operations; under current setup, the plant would need to be shut down to de-energize the system in order to work on the switchgear which would result in completely shutting down the screw pumps in the headworks building. The solution is to replace the existing switchgear with equipment that provides arc flash barriers; this was not budgeted for in the facility plan. The estimated cost for this equipment will be $100,000 for each building ($200,000 total). Rob Franck further explained the issue and the current arc flash requirements. President Youngquist questioned the contingency amount setup in the project cost estimates and if this could be applied against the contingency. Tom further explained the contingency and how it is integrated with the Clean Water Fund. President Youngquist questioned how do we include this in the project? Tom responded we need the authorization to proceed or not to proceed. Tom recommends this would be a good thing to do. Attorney Thiel recommends a motion to approve the addition. After discussion, motion made by Commissioner Falck, seconded by Commissioner Hamblin to replace the switchgear in the headworks building and east blower building for arc flash considerations at an estimated cost of $200,000. Motion carried unanimously.

Tom Kispert reported on the plant equipment. The delivery dates on six pieces of equipment were pushed back to October 12. Tom reported he is looking to have the documents submitted to the DNR by the end of July; advertise for bids in early August; open bids on August 30; hold a

special meeting to award the bids; and get the contractor on board as quick as we can in October. President Youngquist suggested moving the bid opening up one week to allow for the approval of the bids at the August meeting. Tom said this may be doable if designs are completed by the July meeting. Tom reported he will need authorization to bid the project; McMahon will put together a contract for bidding through contract management of the project. The Commission would need to act on the contract at the July meeting. Tom additionally reported all but three of the equipment contracts are wrapped up.

Amy Vaclavik reported on the Clean Water Fund. Amy distributed an updated draft variance request and further discussed why the variance request is needed and the purpose of the variance request. The variance request will allow the issuance of taxable, rather than tax-exempt borrowing with the CWF with no interest rate difference between the taxable and tax-exempt interest rate. If the variance is not granted, there is a potential rate increase of 20% over the current 40% projected rate increase. The draft template will be sent to the communities for their approval. Commissioner Gunz further questioned there would be no difference in the borrowing rate if the borrowing from the CWF is taxable and not a tax-exempt issue with this variance. Amy confirmed this information. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Sambs to authorize the draft variance request letter to be sent to the communities for approval by the communities and submission to the Department of Administration. Motion carried unanimously.

Manager Much discussed a call he received from Steinacker Farms requesting to land apply biosolids on some fields not located in the Town of Greenville. Steinacker Farms has some property with wheat planted; when the crop is removed they would like to apply biosolids on these fields. The fields are approved sites for land application of biosolids. Randy indicated he would like to see a more formal proposal. After discussion, motion by Commissioner Gunz, seconded by Commissioner Hamblin to allow Manager Much and Attorney Thiel to work out an agreement with Steinacker Farms for a limited term biosolids removal, hauling, and land spreading agreement. Motion carried unanimously.

Motion made by Commissioner Gunz, 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. 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, Gunz, Falck, Hamblin, Sambs, Youngquist.

Meeting convened into closed session at 9:25 am.

After discussions, motion made by Commissioner Gunz, seconded by Commissioner Falck to adjourn the closed session and return in Regular open session. By roll call vote taken, motion carried unanimously by Commissioners Zielinski, Gunz, Falck, Hamblin, Sambs, Youngquist. The Commission returned to Regular open session at 10:03 am.

Motion made by Commissioner Gunz, seconded by Commissioner Hamblin to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:03 a.m.

President

Secretary

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