NEENAH-MENASHA EWERAGE COMMISSION

Regular Meeting

Tuesday August 28, 2012

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

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

Also Present: Tom Kispert, Chad Olsen, (McMAHON); Paul Much, Rob Franck (MCO), Teri Stecker (Johnson Insurance), Mike King (Post Crescent).

Commissioners discussed the minutes from the Regular Meeting and Closed Session of July 24, 2012, from the Plant Upgrade Committee Meeting and Closed Session of August 2, 2012, and from the Plant Upgrade Committee Meeting of August 7, 2012. Commissioner Falck questioned if the Upgrade Committee was correct on the action they took in deferring the Gizmo contract; President Youngquist agreed with the action the Upgrade Committee took. Additional thoughts and concerns in the limits and duties of the Committee were discussed. Accountant Voigt was instructed to review past minutes to see if a dollar limit was set on change orders the Upgrade Committee could approve. After discussion, motion made by Commissioner Gunz, seconded by Commissioner Zielinski to approve the minutes of the Regular Meeting and Closed Session of July 24, 2012, the Upgrade Committee Meeting and Closed Session of August 2, 2012, and the Upgrade Committee Meeting of August 7, 2012. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

A. July 27, 2012 email from Amy Vaclavik, McMahon to Roger Voigt, NMSC.
RE: Market rate interest change for Clean Water Fund.

B. August 1, 2012 letter from Gerry Novonty, DNR to William Zelinski, NMSC.
RE: Receipt of Plans and Specs for sewerage treatment plant upgrade.

C. August 21, 2012 letter from Attorney John Thiel to Randall Much, MCO.
RE: Opinion letter required by CWFP on statutory compliance on contracts awarded.

Attorney Thiel further explained the purpose of this letter to the Commission.

D. August 21, 2012 letter from Attorney John Thiel to Randall Much, MCO.
RE: Opinion letter required by CWFP on NMSC holds Good and Marketable title on real estate.

Attorney Thiel further explained the purpose of this letter to the Commission.

The following correspondence was presented at the meeting:

E. August 23, 2012 letter from Mike Huebsch, Wisc. Dept. Administration to Bill Helein, President Waverly Sanitary District.
RE: Variance request granted to Waverly to issue taxable bonds.

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 July 2012. Accountant Voigt pointed out the income being generated in the operations. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Sambs to approve the Financial Statements for the month of July. Motion carried unanimously.

Teri Stecker discussed the Builders Risk insurance with the Commission. Commissioner Gunz questioned the common deductable seen in this type of coverage; Teri indicated it is usually a $5,000 or $10,000 deductable. Commissioner Gunz requested an example of when the Builders Risk policy would be used; Teri further provided an explanation. Tom Kispert indicated it is very common to have a Builders Risk policy; the question is who should obtain the policy, the Commission or the contractor. Further discussion ensued on the benefits for the Commission to purchase the Builders Risk coverage. Teri further discussed and explained the purpose of the umbrella insurance coverage. It is the consensus of the Commission to have the Commission purchase the Builders Risk coverage.

The Commission discussed the Town of Neenah Sanitary District #2 request for the ability to prepay the project costs in lieu of obtaining a Clean Water Fund loan. Commissioner Gunz questioned if the dollars being talked about would be worth the effort. The Commission further discussed this option. After discussion, motion by Commissioner Gunz, seconded by Commissioner Zielinski to not allow prepayments for costs associated with the Treatment Plant Modifications Project. Commissioner Falck questioned not understanding what the problem would be in allowing prepayments. The Commission further discussed. After discussion, voting aye: Commissioner Sambs, Gunz, Bauer, Hamblin, Zielinski. Commissioner Falck voting nay. Motion carried.

The Commission discussed the letter from Amy Vaclavik explaining the issues and actions needed by the communities for the Commission to obtain additional short term financing and to continue in the efforts in obtaining a Clean Water Fund loan. Commissioner Zielinski questioned who is going to coordinate these efforts with the communities. Commissioner Gunz questioned who would be the responsible party to contact. Amy Vaclavik would be the individual for both.

Accountant Voigt presented and discussed NMSC Resolution 2012-2; a Resolution Authorizing the Redemption of the 2015 Maturity of the Neenah-Menasha Sewerage Commission $5,025,000 Sewerage System Revenue Bonds, Series 2003B, Dated September 1, 2003. This resolution was drafted by the Commission Bond Attorney Tom Griggs. This resolution is needed at this time to provide proper notification of our intent of the redemption of the Revenue Bonds maturing in 2015. This redemption was part of the 2012 Budget. After discussion, motion by Commissioner Gunz, seconded by Commissioner Falck approve NMSC Resolution 2012-2. Motion carried unanimously.

The Commissioners discussed the request of holding meeting two times per month due to the increased amount of items to be discussed. President Youngquist indicated we should establish these meetings beginning in October. Commissioner Bauer reported a second daytime meeting would be a problem for her. She would prefer to have the second meeting to be held in the evening at 5:00 pm or later. Commissioners discussed which day to hold the second meeting; further discussion centered on conflicts with evening meetings for other Commissioners. After discussion, President Youngquist announced the following upcoming meeting schedule for additional meetings in addition to the regular meetings on the fourth Tuesday of the month: September 18, 8:00 am – Special Meeting to award the contract from the bid opening on September 13; October 9, 8:00 am 2nd scheduled Regular Meeting in October; November 13, 8:00 am 2nd scheduled Regular Meeting in November. President Youngquist also set the December Regular Meeting to be on the 18th, in lieu of the 25th. No second Regular Meeting will be held in December.

Accountant Voigt presented the draft 2013 NMSC Budget. Discussion ensued; Commissioner Falck questioned the accuracy of some of the values reported on page A3. Upon initial review there is an error. Accountant Voigt will recheck the values and make the needed corrections to the proposed 2013 NMSC Budget. Hearing no other discussion, motion made by Commissioner Gunz, seconded by Commissioner Hamblin to schedule a Public Hearing at 8:00 am on Tuesday September 25, 2012 prior to the Regular Meeting to receive comment on the Proposed 2013 NMSC Budget. Motion carried unanimously.

Accountant Voigt presented the Accountant's Report and Cash Flow Projection for the month of July. The interest rates have not changed; MCO generated $5,600 in income to the Commission in July. Accountant Voigt reported on changes to the cash flow projection and the projected cash shortage in December. Accountant Voigt discussed purchasing a Project Tracking add-on module for the CYMA accounting software program. The program costs $395; the costs for installation, training, and configuration to update historical data is estimated to cost $2,600. The majority of the cost will relate to updating the historical project information from the past two years. After discussion, motion by Commissioner Bauer, seconded by Commissioner Sambs to authorize the purchase and installation of the Project Tracking software at a cost not to exceed $3,100. Motion carried unanimously. After discussions, motion made by Commissioner Hamblin, seconded by Commissioner Gunz to accept the Accountant's Report and cash flow projection for July. Motion carried unanimously.

Motion made by Commissioner Falck, seconded by Commissioner Hamblin to approve operating and payroll fund vouchers #133102 through #133146 in the amount of $359,818.85 for the month of July 2012 and Construction Fund Vouchers #133 through #135 in the amount of $160,789.92 for the month of July 2012. Motion carried unanimously.

Accountant Voigt presented MCO Invoices #16666, #16710 and #16705 in the amounts of $118,845.45, $650.20 and $133.64. After discussion, motion made by Commissioner Falck, seconded by Commissioner Hamblin to approve for payment MCO Invoices #16666, #16710 and #16705 and to pay the invoices after September 1, 2012. Motion carried unanimously.

Accountant Voigt presented for payment McMAHON invoices #40350 - $48,850.00; #40348 - $5,860.00; and #40349 - $6,655.00. After discussion, motion made by Commissioner Zielinski seconded by Commissioner Gunz to approve for payment invoices #40350, #40348 and #40349. Motion carried unanimously.

Tom Kispert discussed Certificate for Payment #1 for Contract N – Digester Gas Treatment from Unison Solutions, Inc. in the amount of $17,760.00 The shop drawings are approved and the 5 percent payment for Contract N can be approved. After discussion, motion made by Commissioner Zielinski, seconded by Commissioner Bauer to approve for payment Certificate for Payment #1 for Contract N to Unison Solutions, Inc. in the amount of $17,760.00. Motion carried unanimously.

Operations, Engineering, Planning

Manager Much reported the facility is operating well. Manager Much reported a violation in the mercury effluent; the effluent value was 6.08 ng/l which just exceeds the effluent limit of 6.0 ng/l. The methane engine was taken offline; no buyers were found to purchase the unit. The unit has been scrapped and removed; newer items installed that still have value for the treatment plant were pulled out of the unit before scrapping. Commissioner Hamblin questioned the purchase price of the unit; Chad Olsen reported the purchase price was approximately $80,000. After discussion, motion by Commissioner Sambs, seconded by Commissioner Gunz to accept the Operating Report for July. Motion carried unanimously.

Tom Kispert presented and discussed the McMahon Agreement for Professional Services – Construction of Wastewater Treatment Facilities Modifications. This is the final version after discussions and negotiations with the Commission Attorney and Plant Update Committee. Commissioner Gunz commended the Plant Upgrade Committee for their efforts. Commissioner Gunz expressed his concerns with problems he sees in the document; he also discussed his concerns with the MCO and McMahon relationship. Manager Much addressed the concerns shared by Commission Gunz. Further explanation was requested on Section 6.01(H); Tom further explained this section. Commissioner Hamblin questioned Section 6.01 (A) warranty wording and if it is as discussed and approved; Attorney Thiel indicated it is. Attorney Thiel further discussed the issue of document ownership; it is resolved as best as we could, the NMSC is named as a co-owner of the documents. Commissioner Gunz sees the problem with these documents being public documents. Tom reported the contract has a line for the designated representative from the Commission; after discussion it was the consensus to name Randall Much as the designated representative. After discussion motion by Commissioner Gunz,

seconded by Commissioner Bauer to approve the McMahon Agreement for Professional Services – Construction of Wastewater Treatment Facilities. Motion carried unanimously.

Tom Kispert presented and discussed the Proposal for EPA Air Permitting Assistance. The work would be completed on a time and expense basis with an estimate of $10,000. Tom reported he is anticipating the Commission will need the Type A permit; the cost for this service should be less than $10,000. After discussion motion by Commissioner Falck, seconded by Commissioner Gunz to approve the Agreement for Professional Services with McMaon for the EPA Air Permitting Assistance. Motion carried unanimously.

Chad Olsen presented and discussed the Proposal for an Opinion of Probable Cost for Phosphorus Removal required by the agreement with the Fox-Wolf Watershed Alliance. This agreement is to perform the work needed by the Fox-Wolf Watershed Alliance. After discussion motion by Commissioner Falck, seconded by Commissioner Hamblin to approve the Agreement for Professional Services with McMahon for the Phosphorus Removal – Opinion of Probable Cost for a lump sum fee of $5,900. Motion carried unanimously.

Tom Kispert updated the Commission on the Wastewater Treatment Modification Project.
Hypochlorite Storage Tanks - Quotes received on the hypochlorite storage tanks were all over $50,000. Tom reviewed and explained the differences in the quotes received from the various vendors. Based on the quotes received, Tom recommends purchasing the storage tanks from Crane Engineering subject to Crane Engineering including stamped drawings in the quote provided. After discussion motion by Commissioner Gunz, seconded by Commissioner Falck to accept the quote from Crane Engineering at a cost of $59,160 which includes freight and warranty and also contingent upon receiving stamped drawings. Motion carried unanimously.
Truck Scale – Manager Much discussed past issues with truck weights for biosolids loads and no weighing of the trucks were performed. Also discussed was the placement of the scale and potential reductions in hauling costs. Tom provided an opinion of the probable cost for the scale and installation would be $340,000 plus engineering costs estimated at $20,000.
Accountant Voigt excused from the meeting (10:30).
Tom further reported this dollar amount does not include the cost for a front end loader. Commissioner Falck questioned the $350,000 for the project. Further discussion ensued on the benefits of having the truck scale. If the Commission authorizes the truck scale, Tom will try to put this item into the bid package for the September 13 bid opening. President Youngquist feels there is merit in having the scale. After discussion motion by Commissioner Falck, seconded by Commissioner Sambs to authorize proceeding with a formal proposal showing a design concept for a truck scale. Motion carried unanimously.
Submersible Pump – The email received from Focus On Energy discussing a potential grant available for switching the backup submersible pump to operate as a full time use pump and adding a VFD to the unit was discussed. The estimated payback time provided by adding the VFD and using the pump full time would be 1.5 - 2.6 years. The Commission was reminded the intent for this pump was for emergency backup; this pump is also not inverter rated. This pump is not rated for 16,000 volts; VFD's can be susceptible to lightning strikes. The backup pump should be the backup pump. Rob Franck provided additional comments on the use of the submersible pump as a backup unit. After discussion motion by Commissioner Gunz, seconded by Commissioner Falck to thank Mr. Cantwell for his input on the potential energy savings with

the submersible pump but the Commission will not pursue the option of adding a VFD to the pump. Motion carried unanimously.
City of Menasha Plan Commission – Tom discussed the changes being made to the parking lot and driveway areas of the plant fall under the jurisdiction of the City of Menasha Plan Commission. With the changes, exterior lighting changes and landscaping updates will need to be incorporated into the project. Conditional approval has been received for the project. The Commission will need to provide a letter of credit; the value of the asphalt and lighting is estimated to be over $160,000. Additional landscaping will need to be added to the east side of the parking lot with 5 Sea-Green Junipers. The Plan Commission requested the Commission to remove the fence from around the parking lot; this is not mandatory. The Commission further discussed; they feel the fence should remain for safety considerations for plant operations. The Commission further discussed their concerns regarding the letter of credit required by the Plan Commission.
Facilities Design – The specifications are in Madison; the plumbing has been approved. We are still waiting for other approvals to come in. There are seven prime bidders on the construction project.
Equipment Procurement – The first piece of equipment is coming tomorrow (Wednesday August 29) from Germany. The equipment manufacturer is paying the cost to off load the equipment at the treatment plant.
GIS Web Based Work Order System/ Operations/ Maintenance Manual – Shop drawings are being scanned in as they arrive. The work order management system is being used.
Change Order – Tom recommends the Commission should procure the electrical auto transfer switches for the backup generator due to timing issues so the equipment is onsite in November when the equipment will be needed. The equipment needed will be 2 auto transfer switches and 3 fused disconnect switches at a cost of $39,534.79. By procuring these items direct from the manufacturer the delivery date will be two months earlier. After discussion motion by Commissioner Gunz seconded by Commissioner Zielinski to approve the change order for the owner procured electrical auto transfer switches and fused disconnect switches. Motion carried unanimously.

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 and hauling and spreading proposals for which bargaining reasons and developing acquisition strategy require a closed session to protect the public investment and spending of public funds. Also, pursuant to Wis. Stats. § 19.85(1)(e) to confer and review oral legal advice by legal counsel to the Commission as to potential litigation with Insurance Carriers as it relates to the lawsuit(s) commonly referred to as the Fox River litigation, and to take action in closed session concerning legal bills. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Falck, Gunz, Hamblin, Sambs, Youngquist.

Meeting convened into closed session at 11:17 a.m.

After discussions, motion made by Commissioner Zielinski, 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, Bauer, Falck, Gunz, Hamblin, Sambs, Youngquist. The Commission returned to Regular open session at 12:02 p.m.

Motion made by Commissioner Hamblin, seconded by Commissioner Zielinski to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 12:02 p.m.

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President Secretary

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY September 25th, 2012.