NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday December 17, 2013

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

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

Excused: Commissioner Kathy Bauer.

Also Present: Tom Kispert (McMAHON); Rob Franck, Paul Much (MCO); Steve Coburn (Town Neenah); Chris Reichelt (McClone Agency).

November 26, 2013 Meeting minutes: Motion by Commissioner Zielinski, second by Commissioner Falck to approve the minutes from the November 26, 2013 Regular Meeting. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

December 5, 2013 letter from Neenah Mayor George Scherck to Tim Hamblin.
RE: Reappointment as Commissioner to the NMSC for a 3-year term.

December 12, 2013 letter from Aaron Heintz, Wis. Department of Administration to Kathy Bauer, NMSC.
RE: Reminder of principal payment due May 1, 2014 on Clean Water Fund loan.

Commission President Youngquist announced he received the letter of resignation from Gordon Falck as Commissioner on the NMSC. His resignation will be effective December 31, 2013. President Youngquist thanked Commissioner Falck for his years served and his service to the community.

Old Business

Evaluation of NMSC metering stations. Manager Much reported Taryn Nall (Kaempfer & Associates) is looking at aeration in the channels; Manager Much further discussed the advantages and disadvantages of this option.

Industrial Contract with Sonoco/U.S. Paper Mills. Manager Much discussed his email to Mark Radtke, City of Menasha. The City will discuss this item early next year. Commissioners further discussed this item.

New Business

Operations, Engineering, Planning

Phosphorus Removal – Tom Kispert reported he has not yet received the report from the Pilot testing that was performed.

Construction Progress Update. Tom Kispert reminded the Commission that the final completion date is December 31st. Tom reviewed his memo on the progress and status of the plant modifications. President Youngquist questioned the amount of retainage being held and if any could be used towards liquidated damages; Tom indicated there is the potential of damages related to additional costs incurred from the time extensions for the additional costs paid for the onsite project representative.

After further discussion on the ongoing work, motion by Commissioner Gunz, second by Commissioner Zielinski to approve Certificate for Payment #14 with August Winter & Sons, Inc. in the amount of $567,166.59 for plant modifications. Motion carried unanimously. Motion by Commissioner Gunz, second by Commissioner Sambs to approve change orders #31 for a contract decrease of $(28,632.79); change order #32 for a contract increase of $34,477.00; and change order #33 for a time extension with August Winter & Sons, Inc. for plant modifications. Motion carried unanimously. Tom further reported on proposals that are currently pending for change orders and a proposal received this morning to add an electric unit heater in the south blower building. Tom also reported the Commission will be receiving Focus On Energy grants relating to lighting and VFD's installed.

Tom Kispert reviewed Equipment certificate for payments for Contract A (gas monitoring equipment), Contract D (centrifugal solids handling pumps), and Contract P (Diesel Generator Sets). After discussion on the Equipment Certificate for Payments, motion by Commission Falck, second by Commissioner Hamblin to approve for payment Certificate for Payment #4 for Contract A to LAI Ltd. in the amount of $22,495.50; Certificate for Payment #3 for Contract D to LAI Ltd, in the amount of $4,749.20; and Certificate for Payment #5 for Contract P to Cummins NPower in the amount of $38,902.20. Motion carried unanimously.

Tom Kispert reported on a voice mail he received on December 13 from Steve Welch who is the new project manager for the HSI contract for the High Speed Blowers; this is the 4th project manager assigned to this project. Tom Kispert, Manager Much, and Rob Franck discussed the recommendation on how to proceed with this project. The initial thought was to fix the unit ourselves and not be concerned with the warranty since we are not receiving any service currently on the blowers that are under a warranty and they need to be repaired. The best recommendation they are proposing is to follow the path to a different manufacturer of high speed blower equipment. Further discussion followed on the HSI issues and similar issues that are being found out about at other locations where HSI equipment has been installed. Commissioner Gunz indicated we should go down parallel paths; work with the new project manager as well as work on repairs and/or replacing of units. We need to give HSI all the rope they need. Attorney Thiel provided his history of involvement on this matter from June until the breach of contract letter was sent. Rob Franck reported there are currently two blowers locked out due to faulty lug connections. Attorney Thiel reported he will be meeting with Tom, Rob, and Manager Much later this week.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve for payment McMahon invoices #46510, #46511, #46512, #46513, #46514, #46515, and #46516 in the amounts of $10,400.00, $10,200.00, $2,200.00, $1,200.00, $16,329.00, $2,400.00, and $55,700.00. Motion carried unanimously.

To accommodate those in attendance, motion by Commissioner Gunz second by Commissioner Zielinski to proceed to Agenda item I – NMSC Property & Liability Insurance Renewal. Motion carried unanimously.

Chris Reichelt, McClone Agency reported the quote received from Cincinnati is the best option; he had contacted Travelers and they did not get back to him. Commissioners discussed removing the Business Income rider; it was a consensus to remove this item. Currently the Commission has a $10,000 deductible on property coverage. Commissioners further discussed increasing the deductible to either $25,000 or $50,000. President Youngquist indicated he would not have a problem with the $50,000 deductible and saving $3,500 in premium cost. Attorney Thiel questioned if we could add a rider for the electronics; Chris responded yes you can, but you would lose half of the savings going to the higher deductible. Commissioners furthered discussed the higher deductible level. After discussion, motion by Commission Gunz, second by Commissioner Falck to accept the quote from Cincinnati Insurance; increase the property deductible to $50,000; remove the Business Income rider; and to remove metering stations and equipment in the metering stations from the list of property values that are under $50,000 in value. Motion carried unanimously.

The Commission returned to the Agenda as published.

Operating Report. Manager Much reported the plant is operating well; there have been significant loading reductions from Neenah and Menasha. Influent mercury testing has been exceedingly low compared to early in 2013; we have temporarily suspended the extra sampling for mercury in the Neenah sewer system until higher mercury levels return. Manager Much discussed the pretreatment limits and EPA required modifications of the pretreatment program. The NMSC needed to do detailed local limit testing of metals; Manager Much further explained the process on how this is determined. The recommended modifications to the NMSC pretreatment program and metal limits are currently being published by the DNR for a public hearing, and if approved, the NMSC will need to adopt the new limits and each of the member communities will also need to adopt the new limits. After discussion, motion by Commissioner Zielinski second by Commissioner Hamblin to approve the Operating Report for November.

Budget, Finance, Personnel

MCO Contract. President Youngquist reported all the Commissioners were sent a copy of the negotiated contract with MCO. One item needing further discussion by the Commission is item I.B. – Duration of Contract. Attorney Thiel reported the original request from MCO was for a 20-year duration of the contract; he further explained why he changed the duration to a 10-year contract plus two 5-year extensions. Commissioner Zielinski questioned the 180-day termination clause; this would be to give the Commission time to find a replacement. Commissioner Gunz indicated he strongly supports the current language in the duration of contract; he also indicated an incorrect word usage on page 3 of the contract. Additional word corrections and language

modifications were discussed as well as removing one section under the confidentiality clause. After discussion it was agreed the following corrections need to be made: Page 3, paragraph 2, change tortous to tortious; page 6, paragraph 6, change hearing to hearings; page 6, paragraph 12, change to "any MCO General Manager of the NMSC"; page 10, under insurance, add: MCO will name NMSC as an additional insured; page 11, paragraph C, remove references of "and NMSC's Engineer"; page 11, paragraph E.1., delete in entirety. Commissioners discussed contract duration and the two options: 10-year with two 5-year extensions or 20-year contract. Manager Much indicated MCO's desire for the long-term agreement and the benefit to help keep employees and to attract new employees; there is an extreme shortage of talented and knowledgeable operators and there have been efforts to hire MCO employees away from the company. More communities are looking at longer term contracts with MCO and we currently have a new 15-year agreement with another community. Commissioner Gunz expressed his concern there is nothing to allow NMSC to end the agreement; it is guaranteed if you have a good relationship or not, MCO would be here for the 20-years; MCO has significantly more protection with the new agreement verses the current agreement; it is too long of an agreement with no remedy if the relationship sours, I don't expect it to sour; he has not seen a municipal contract for this length of time; the intent with MCO has been stellar, we just need to protect ourselves. After discussion, motion by Commissioner Gunz, second by Commissioner Zielinski to approve the contract with the changes as discussed and to keep the contract term at 10-years with two 5-year extensions. Further discussion ensued, motion by Commissioner Zielinski, second by Commissioner Falck to amend the motion for the contract term to be 20-years. By roll call vote taken, voting aye to amend the motion: Commissioners Zielinski and Falck. Voting nay: Commissioners Gunz, Hamblin, Sambs. Motion to amend the original motion failed. By roll call vote taken, voting to approve the original motion passed unanimously on a 6-0 vote (with President Youngquist voting).

Accountant Voigt discussed the Financial Statements for the month of November 2013. The Clean Water Fund loan interest was paid on November 1; on December 1 the 2003 Bond Issue interest was paid and the Bond Principal was paid off in its entirety. After discussion, motion by Commissioner Zielinski, second by Commissioner Gunz to accept the financial statements for the month of November, 2013. Motion carried unanimously.

Accountant Voigt discussed the Accountant's Report for November 2013. The interest rates on the checking and money market accounts have not changed. MCO generated $4,400 in income for the Commission in November. The December report will show a substantial decrease in cash from the paying off of the 2003 Bond Issue. Accountant Voigt reported the Cash Flow report was updated to current known information. Motion by Commissioner Zielinski, second by Commissioner Falck to accept the Accountant's Report and Cash Flow Report for the month of November 2013. Motion carried unanimously.

MCO Invoices. Motion by Commissioner Gunz, second by Commissioner Zielinski to approve for payment MCO invoices #17874 in the amount of $121,859.27, #17901 in the amount of $45.00, and #17905 in the amount of $467.15. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve Operating and Payroll Vouchers #134087 thru #134143 in the amount of $307,748.05, and Construction

Vouchers #219 thru #221 in the amount of $1,088,981.58 for the month of November 2013. Motion carried unanimously.

Motion made by Commissioner Gunz, seconded by Commissioner Zielinski to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:40 a.m.

President

Secretary