NEENAH-MENASHA SEWERAGE COMMISSION

Regular Meeting

Tuesday March 25, 2014

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

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

Also Present: Tom Kispert (McMAHON); Rob Franck, Paul Much (MCO); Bryan Azure, Terry Meyers (Atlas Copco); Rich Knoelke (Mulcahy, Shaw).

Public Forum. No one in attendance for public forum.

February 25, 2014 Meeting minutes: Motion by Commissioner Gunz, second by Commissioner Sambs to approve the minutes from the February 25, 2014 Regular Meeting and February 25, 2014 Closed Session. Motion carried unanimously.

Correspondence

The following correspondence was discussed:

March 11, 2014 letter from Robert Hannes, DNR to NMSC President Dale Youngquist.
RE: DNR approval of change orders.

March 6, 2014 affidavit of publication of Ordinance 2014-1 in the Appleton Post Crescent.

Old Business

No old business to discuss.

Motion by Commissioner Zielinski second by Commissioner Gunz to convene into Closed Session 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 Zielinski, Bauer, Coburn, Sambs, Hamblin, Gunz, Youngquist. Meeting convened into Closed Session at 8:04 am.

Motion by Commissioner Zielinski second by Commissioner Gunz to adjourn the Closed Session and reconvene into Regular Open Session. By roll call vote taken, motion carried unanimously, by Commissioners Zielinski, Bauer, Coburn, Sambs, Hamblin, Gunz, Youngquist.

Meeting reconvened into Regular Open session at 8:20 am.

Motion by Commissioner Gunz, second by Commissioner Hamblin to approve that the Commission enter into that specific February 19, 2014 Consent Decree With Cashout Settling Defendants and the State of Wisconsin to provide final resolution of issues between the United States Department of Justice and the NMSC concerning the Fox River Litigation and further

authorize the President of the NMSC to take all necessary steps to execute said document. In addition, move to approve that Commission enter into that specific Settlement Agreement, Release, and Covenant Not to Sue by and between Neenah-Menasha Sewerage Commission and various insurance carriers and further authorize the President of the NMSC to take all necessary steps to execute said document. Motion carried unanimously.

New Business

Operations, Engineering, Planning

High Speed Blower update. Terry Meyers (Atlas Copco) introduced himself and indicated the Regional vice-president John Meyers, no relation, was not able to attend today; he will be here on April 7 to view the system and again on April 22 to attend the next meeting. Terry apologized to the Commission for the situation with the blowers and getting to the point where we are at. Terry explained that Atlas Copco inherited this issue with the purchase of HSI; originally there was a distinct separation between the municipal wastewater division and the industrial wastewater division, this division has now been eliminated since January. Tom Kispert suggested we go over the punch list of items pertaining to the high speed blowers. The punch list items were reviewed line by line. UPS faults: Rob reported no faults since units were replaced; Surge Shutdowns: There have been no surge shutdowns and units are running from panel with blowers alternating; Insulation: will be completed end of week; Blow off header valve: Terry indicated they don't understand why the 6-inch valve doesn't remove the pressure from the system, Tom Kispert feels this issue has been ignored, Terry will discuss with engineers and get back today with answer; Heat Exchanger Tank: done; Extended Warranty: needs to be discussed; D.O. Control: not functioning properly, the D.O. should be at 3 and it is at 5. Terry reported a module is being installed today to be able to look at the issue online. Manager Much questioned why it took a month to send the unit, we were told at the last meeting it shipped after the last meeting. Bryan Azure indicated he was told it would be shipped. Terry reported HSI could not provide support due to the high employee turnover with Atlas Copco taking over the company. Manager Much questioned the failure of a unit, he saw a brief indication they needed to beef-up the shaft size. Is there a problem with the shaft size? Terry responded no, there was oversize bearings installed which did not allow for adequate lubrication. Tom Kispert questioned when will we get answers if our other blowers have the wrong size bearings; Bryan responded he could not give us a date since they do not know how quick they can get an answer from HSI on which blowers had the oversize bearings installed. Exhaust Filter: done; Over Temp Faults: there have been no faults since the change; Cabinet Wiring: completed; Low Pressure at Startup: resolved, it was due to programming; Heat Exchanger Fault: done; Coolant from August Winter & Sons: done; Bent Disconnect Switch: not done, will be getting to it; Blowers 2 & 6 failure: done; Blower Temp: done; Cabinet Debris: done; Unit Power: okay. Tom Kispert reported on the communications with Atlas Copco; he is not receiving the "this week/next week" reports on a weekly basis. Bryan responded since last month he started sending this out every two weeks; he will do this weekly. Commissioner Hamblin questioned what is the most pressing issue; Tom responded it is two blowers running when only one blower is needed. Bryan reported blower #1 (motor locked up) is scheduled to be shipped back to the treatment plant on March 28th; he will make sure the repair report is included. There will be 3-4 days for the transportation back to the treatment plant; when it is received they will schedule the install of the unit. There was an issue with blower #2 not starting; Jarrod (service technician) fixed the issue – it was a controller. Bryan reported he will put the issues in his report as to why blowers #2 and #6 had shutdowns. Terry

admitted this has been a disaster. Commissioner Bauer requested to see the weekly reports at the next meeting. Attorney Thiel questioned Bryan if we discussed the remote communication unit; yes, the module will be arriving today. The module will allow off site monitoring and software changes for the blower system. Commissioner Coburn questioned if they are still making the same size blowers; yes.

Attorney Thiel excused from the meeting (9:15 am).

Additional Engineering Services Agreement with McMahon. Tom explained the purpose of the agreement and it being requested by the State for proper processing through the Clean Water Fund loan program for the extra time spent on the project after the contract completion date. Motion by Commissioner Gunz, second by Commissioner Coburn to approve the Additional Engineering Services Agreement with McMahon Associates. Motion carried unanimously.

Phosphorus Removal – Manager Much reported there was a meeting at McMahon's with the dischargers to Little Lake Butte des Morts; it looks like the mills will be on their own. He will be looking at trading between Grand Chute Menasha West and the NMSC. Commissioner Gunz questioned if trading will be allowed; Manager Much reported yes. Manager Much will be requesting Chad Olsen to tighten up the estimate on the O&M costs for phosphorus removal; there is a database of phosphorus sources being developed – looking at both incoming sources and in-plant sources of phosphorus. The rate for phosphorus discharged is $50 per pound; even with trading, we may very well need to meet our limit within 20 years. Manager Much feels we are three years out from making a decision.

Construction Progress Update. Tom Kispert discussed his memo on the construction progress. The final completion date was December 31, 2013; the project is not done, the punch list is down to 5 pages, several of these items are warm weather related (cannot complete until weather is warm enough). On the northeast digester cover the paint is cracking; Tnemec came in, took some samples and analyzed them. It looks like the cover needs to be repainted. There are no certificates for payment to be acted on. There is one change order; Tom explained change order #39 with August Winter & Sons, Inc.

After further discussion on the ongoing work, motion by Commissioner Zielinski, second by Commissioner Hamblin to approve change order #39 for a contract decrease of $(21,718.26) with August Winter & Sons, Inc. for plant modifications. Motion carried unanimously.

Tom Kispert further reported on proposals that are currently pending for change orders; a potential need for an updated polymer system. Commissioners further discussed additional costs incurred and consequential damages with the high speed blowers; there are additional electrical costs being incurred when the D.O. is over 3 – it is currently in the range of 5 – 8. President Youngquist indicated he would like some rough cost calculations of the additional energy being used. President Youngquist questioned if anyone is still interested in seeing the list of change orders that are included with Tom's monthly memorandum of the construction progress; hearing none, President Youngquist asked that this not be included with his monthly memo.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve for payment McMahon invoices #47427, #47428, #47429, #47430, and #47431 related to the Construction

Project in the amounts of $3,800.00, $365.00, $220.00, $17,500.00, and $2,550.00. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve for payment McMahon invoices #47432, #47433, #47434, #47435, #47436, #47437, and #47438 related to additional services for the construction project in the amounts of $4,688.35, $3,200.00, $3,800.00, $10,843.41, $1,187.50, $135.00, and $2,500.00. Motion carried unanimously.

Manager Much discussed the Operating Report for the month of February 2014. The plant is operating and meeting permit. Manager Much report on Pista Grit issues; the issues will need to be discussed with company representatives. The set points appear to be set wrong and the unit is not operating properly. Motion by Commissioner Gunz, second by Commissioner Coburn to accept the Operating Report for the month of February 2014. Motion carried unanimously.

Commission Gunz referred back to the February 25, 2014 minutes and requested a brief update on the contract with Sonoco and discussions with Menasha. Manager Much updated Commissioner Gunz on the subject.

Budget, Finance, Personnel

Accountant Voigt discussed the financial statements for the month of February 2014. The auditors are nearing completion of the 2013 financial audit; the audit is anticipated to be completed for the April meeting. Commissioners questioned various items in the Income Statement and Balance Sheet. After discussion, motion by Commissioner Gunz, second by Commissioner Zielinski to accept the financial statements for the month of February 2014. Motion carried unanimously.

Accountant Voigt discussed the Accountant's Report for the month of February 2014. The rates on the investments have not changed. MCO generated $4,400 in additional income to the Commission. After discussion, motion by Commissioner Zielinski second by Commissioner Gunz to accept the Accountant's Report for the month of February 2014. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Coburn to approve for payment MCO invoices #18082 and #18118 in the amounts of $121,833.18 and $513.05 with payment to be made after April 1, 2014. Motion carried unanimously.

Motion by Commissioner Gunz, second by Commissioner Zielinski to approve Operating and Payroll Vouchers #134245 through #134291 in the amount of $312,639.90 and Construction Voucher #228 in the amount of $116,805.01 for the month of February 2014. Motion carried unanimously.

Motion made by Commissioner Gunz, seconded by Commissioner Hamblin to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 10:15 a.m.

President

Secretary