

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
JULY 19, 2012

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:38 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
J. Bacci
T. DeGeeter
S. Kelly
W. O'Malley
G. Starr

The secretary informed the President that a quorum was in attendance.

II. Approval of Minutes

MOTION – Mr. O'Malley moved and Ms. Kelly seconded that the minutes of the July 5, 2012 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that no members from the public registered to speak during Public Session.

IV. Executive Director's Report

Executive Director Ciaccia moved to the first report item regarding the billing agreement between the District and the City of Cleveland Division of Water (hereinafter "CWD"). Executive Director Ciaccia advised that the District and CWD are currently working from an agreement dating back to the 1980s.

The District submitted a draft agreement to Barry Withers, Utilities Director at the City of Cleveland Department of Public Utilities (hereinafter "DPU") for review. Executive Director Ciaccia noted that District staff worked diligently on said agreement and that it

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meets the needs of the District. A kick-off meeting is scheduled for Friday, July 20th, at the City's Utilities Building located at 1201 Lakeside Avenue.

Executive Director Ciaccia explained that the District anticipates resolving this matter by year end and will therefore begin operating under a new agreement by 2013. Executive Director Ciaccia noted that the proposed billing agreement includes a stormwater fee with an anticipated start date of January 1, 2013.

Executive Director Ciaccia stated that both the District and the CWD are looking forward to a new agreement since the current agreement does not coincide with the capabilities of CWD's new billing system.

Mayor Starr commented that "we all want government to work at the highest level especially working with the City of Cleveland and Northeast Ohio Regional Sewer District." Mayor Starr indicated that he received many calls over the years regarding CWD billing concerns that were "nightmarish to property owners and ratepayers." Mayor Starr questioned, "What in this agreement is going to change that?"

Executive Director Ciaccia explained that the District incorporated 12 achievable metrics into the proposed agreement with the CWD. If CWD accepts the District's proposal, then metrics such as the percent collected and speed of answer for the customer service representatives will be incorporated into the final agreement. Metrics will enable the District to monitor progress. The proposed agreement calls for a discount should the CWD fail to meet certain metrics. Additionally, the proposed agreement includes increased reporting requirements and since this is a contract for services, there are certain performance criteria that must be met.

Executive Director Ciaccia noted that the CWD seems to be "over the hump" with respect to the new billing system and therefore the speed of answer is more than acceptable at this point.

Mayor Starr posed a hypothetical situation, and he stated that if a consumer contacts the CWD regarding a billing problem, how long will it be before that person is connected to a representative who can address their concerns? Will it take five or ten minutes?

Executive Director Ciaccia replied that the current speed of answer is well under 30 seconds. Response times do vary and are contingent upon the severity of a concern. A specific metric regarding response time was not included in the proposed agreement since each situation differs. It would be difficult to place a metric around varying scenarios. Executive Director Ciaccia did however state that the District will entertain discussions with the CWD regarding response times to customers' concerns but that it would be difficult to place specific metrics.

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Mayor Starr inquired as to the term of the contract wherein Executive Director Ciaccia stated 15 years renewable on an annual basis thereafter.

Mayor Starr questioned the District's ability to revoke the contract in the event of a change in leadership or future billing issues.

Executive Director Ciaccia replied that the District would first have to create an alternative billing arrangement with a new agent. A termination clause was incorporated into the District's proposed agreement and that the District would be required to provide the CWD with a minimum one year notice prior to terminating the contract.

Executive Director Ciaccia noted that at a previous Board meeting, the Board authorized the District to research alternative means of billing. The District currently bills its customers based on consumption and there is now a fixed rate charge. The District is therefore reliant upon meter readings. The District is exploring alternative billing options other than consumption.

Executive Director Ciaccia stated that it would be in the best interests of the District, CWD and the customers for this billing arrangement to work since costs are being shared. Executive Director Ciaccia elaborated on that point and stated that if the District receives services from the CWD that meets its needs and the contractual agreement, then it would benefit its customers since the customers will continue to incur billing costs from the CWD for its services regardless of whether the District utilizes CWD for its billing needs. In the event the District contracts with an alternative billing agent, then the customers would have to incur those costs as well.

Mayor Starr stated that "there has been some horrible abuse and an incredible amount of negative experiences" that the ratepayers encountered with typical billing issues. For example, he received letters from customers who claimed to average \$150 to \$200 on their quarterly bills and then suddenly those same customers were being charged from \$1,000 to \$1,500 a quarter. Those customers had difficulty reaching customer service representatives at the CWD to address their billing concerns.

Mayor Starr inquired if there will be an appeals process wherein Executive Director Ciaccia affirmed.

Mayor Starr suggested that the Board members be refreshed on the appeals processes after the contract is ratified.

Mayor Starr inquired if a ratepayers' Bill of Rights will be incorporated in to the new agreement. Executive Director Ciaccia stated that this has not been contemplated.

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With respect to the appeals process, Executive Director Ciaccia stated that the District explored different criteria as it relates to adjustments. So long as the meters are being read and the customers are not receiving estimated bills, then the customers should no longer experience large spikes in their billed amounts.

Executive Director Ciaccia noted that the proposed agreement also calls for the creation of an oversight committee wherein the District will be represented.

Executive Director Ciaccia reiterated that discussions between the District and the CWD will ensue tomorrow and that the desired outcome is for the District and the CWD to reach a consensus on an agreement which will benefit our customers since both agencies share the same customers with few exceptions.

Executive Director Ciaccia concluded by stating that it is within the interest of both agencies to get this agreement nailed down right.

Executive Director Ciaccia moved to the next report item and he advised that today the District received its final installment on the \$6 million settlement reached with KMM&K resulting from the Mill Creek Tunnel dispute. The District received a letter of credit from the bank as it pertains to the remaining \$6 million that will be paid in installments. Executive Director Ciaccia noted that the District is pleased to be bringing this matter to a close.

Executive Director Ciaccia moved to the next report item and he advised that the Board members received the 2011 Comprehensive Annual Financial Report (hereinafter "CAFR"). The audit is complete and the Board will adjourn into Executive Session at the conclusion of today's meeting to engage with state auditors as it pertains to post-audit discussions.

Executive Director Ciaccia concluded his report by commending the Illuminating Company crew that quickly responded to a damaged transformer that transmits power to the District. The District's back-up generator was deployed; however, the Illuminating Company quickly replaced the transformer. Executive Director Ciaccia thanked the Illuminating Company for the quick response.

V. Action Items

Authorization to Advertise

Resolution No. 169-12 One (1) year requirement contract for the purchase of final clarifier polymer for use at the Southerly WWTP. Anticipated expenditure: \$180,000.00.

Resolution No. 170-12 One (1) year requirement contract for snow plowing services at the Environmental and Maintenance Services Center, George J. McMonagle Building, and outlying facilities. Anticipated expenditure: \$46,000.00.

Resolution No. 171-12 Roof Renovations (RRN-6) project. Engineer's opinion of probable construction cost: \$1,052,600.00.

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution Nos. 169-12 through 171-12. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 172-12 RFPs for General Automation Technical Services (GATS) contract for Wastewater Treatment Plants and collection systems. Anticipated expenditure: \$750,000.00.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 172-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation of the General Automation Technical Services (hereinafter "GATS") project.

Director of Operation and Maintenance, Dave McNeeley, advised that the District plans augmenting the existing process control and automation department. Due to the ongoing capital improvement projects, the systems must be upgraded for the reason that the department currently does not have sufficient resources to meet its increasing demands. In addition, the District needs to augment its staff in order to complete this work.

Executive Director Ciaccia explained that the GATS project is similar to a general engineering services contract on the automation-side.

Authorization to Enter Into Agreements

Resolution No. 173-12	Agreements for small scale stormwater demonstration projects. Cost: \$144,791.15.
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MOTION – Ms. Kelly moved and Mr. O'Malley seconded to adopt Resolution No. 173-12. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 174-12	Contract with the Apostolos Group, Inc. dba Thomarios for the Southerly Wastewater Treatment Center Paint and Maintenance Repair (PMR-3) project. Contract amount: \$547,105.00.
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Resolution No. 175-12	Contract with Cold Harbor Building Co. for the Environmental and Maintenance Services Center Laboratory Improvements (ELAB) project. Contract amount: \$6,690,000.20.
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Resolution No. 176-12	Contract with Kokosing Construction Co., Inc. for the Westerly/Easterly Electrical Infrastructure Improvements (WEII/EEII) project. Contract amount: \$14,349,000.00.
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Resolution No. 98b-12	Contract with Nerone & Sons, Inc. for the Westerly/Easterly Chemically Enhanced High Rate Treatment Pilot and Demonstration Rebid (SFPI-2A-R) project. Contract amount: \$3,051,000.00.
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Resolution No. 177-12

Three (3) year contract with eCivis, Inc. for the purchase of the Grants Network Software subscription for grant research and application management. Cost not-to-exceed \$68,850.00.

Resolution No. 178-12

Retain Thacker Martinsek LPA in NEORSD v. Bath Township, Ohio, Case No. 714945.

MOTION – Mayor Bacci moved and Mr. O'Malley seconded to adopt Resolution Nos. 98b-12 and 174-12 through 178-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation on the business opportunity goals, more specifically, the minority business enterprise (hereinafter "MBE") and the women business enterprise (hereinafter "WBE") goal of 7% and the small business enterprise (hereinafter "SBE") goal of 17% with respect to the contract awarded to Kokosing Construction, Resolution No. 176-12. Mr. Brown indicated that although he understood that Kokosing met the District's business opportunity goals; he desired an explanation as to the how those goals were established by the District.

Deputy Director of Engineering and Construction, James Bunsey, explained that there are few MBE/WBE subcontractors available that perform for this type of work. The Westerly/Easterly Electrical Infrastructure Improvements (WEII/EEII) project is primarily an electrical project and 50% of the job is for equipment such as substations and switch gears. After examining the marketplace, the District concluded that the prime contractor would not be able to meet MBE/WBE subcontracting goals greater than what was established.

Executive Director Ciaccia recalled the disparity study that was conducted by the District and he explained that those results indicated that the market was not strong regarding some of the work performed under this contract. Executive Director Ciaccia reminded the Board that the business opportunity goals are based on the MBE, WBE and SBE contractors that are certified with the District. When considering the components of the project, not including the supplies, there is minimal work that can be constructed which reduced the percentages for subcontracting. The District established its goals for the entire job including supplies and those percentages would differ if they were based on the portion of the project that can be constructed.

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Executive Director Ciaccia explained that goals are established on a project-by-project basis. Each project is broken down to determine the percentage of supplies and construction. The District then consults the list of certified MBE, WBE and SBE contractors to establish its goals. Executive Director Ciaccia noted that this is done in concert with the Office of Contract Compliance (hereinafter "OCC").

Ms. Kelly inquired about the District's strategy to expand the opportunity for contractors to become certified with the District. Ms. Kelly commented that the District's Business Opportunity Program was revamped to provide greater opportunity for MBE, WBE and SBE contractors. This is a \$14 million contract whereby the WBEs are slated at 1.05% and the MBEs are at 5.6%. Ms. Kelly commented that "it looks out of balance."

Executive Director Ciaccia replied that although it may seem off balance it is actually in balance with the findings of the disparity study, which was a comprehensive study with an expanded region which reached to Youngstown. Executive Director Ciaccia explained that the goals are supported by those findings.

Executive Director Ciaccia stated that the District engages in multiple outreach efforts in an attempt to attract more businesses in becoming certified with the District. He then speculated that the District conducts more outreach than any other organization. However, the bottom line remains that the District can only base its goals from what is available.

Executive Director Ciaccia stated that although the District currently does not develop businesses, this option can be further explored as the District moves forward with the Community Benefits Program. Recently, Director of Administration and External Affairs, Constance Haqq, and Director of Engineering and Construction, Kellie Rotunno, were approached by the Cleveland Foundation about how the District can develop companies especially as it relates to green infrastructure projects. Executive Director Ciaccia indicated that the District is not in the business of developing companies and that he was unaware of other public agencies conducting this type of work.

Executive Director Ciaccia commented that the District can "make numbers look good" but the District does not allow for "front companies" or "pass-throughs" and that he would prefer real numbers. Executive Director Ciaccia informed the Board that the District will be de-certifying a couple of companies soon because our inspections led to the conclusion that those companies do not have resources that support the level of work they are subcontracted to perform.

Ms. Kelly stated that "if the numbers are not there, then they are not there." However, the perception is that there are not opportunities at the District and she wanted to ensure that the District is engaging in sufficient outreach in order to meet the expectations that

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were desired when this program was revamped.

Executive Director Ciaccia agreed that there are certain perceptions facing the District and he assured that the District has engaged in multiple outreach efforts. The District held workshops to help companies develop and that the District intends to continue those outreach efforts.

Executive Director Ciaccia explained District projects are unique and the numbers reflect the amount of MBEs and WBEs that can perform this type of work.

Executive Director Ciaccia explained that this discussion is similar with respect to the Community Benefits Program as it relates to workforce issues. There is notion that there are not enough minorities in the building trades, but the unionized workers that perform on District jobs are predominately laborers, and the District plans meeting with Mr. Sulik and Anthony Liberatore from Local 860 to discuss workforce-related issues. However, it would be limited to that specific type of work. Executive Director Ciaccia stated that there are limitations and variable factors.

Ms. Kelly added that from the pool of those who perceive limited opportunities at the District, there is small amount of contractors that meet the qualifications necessary to perform the work needed at the District. She was concerned that an already small pool is shrinking due to the perception of limited contracting opportunities at the District. Ms. Kelly questioned as to what steps are being taken to reach that pool of workers.

Mr. Brown recognized that the District staff with support from the Board has done a good job of building a premium outreach program. Mr. Brown agreed that the District does not develop or create companies. The District has conducted its due diligence by completing a disparity study. The challenge is to communicate those findings to the community and to make clear that there are disparities within certain sectors of the market. This information must be successfully conveyed to the community in an effort to create a mechanism to fill this void. We are putting our finger on an area that needs attention and since there is an interest in leveling the playing field he suggested designated resources to rectify the situation.

Executive Director Ciaccia requested that Contract Compliance Manager, Tiffany Jordan, respond to the Board's concerns.

Ms. Jordan stated that the District anticipates a contract being returned from the Greater Cleveland Partnership for the development of a pilot program for certified MBEs to work with the Greater Cleveland Partnership on business development including bonding assistance needed in order to perform on District projects.

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Ms. Jordan advised that the District does engage in excellent outreach. The District regularly meets with MBEs, WBEs and SBEs individually as well as in group settings. She advised that all certified firms with the District were invited to meet with the District to learn “how to do business with the District.”

Ms. Jordan advised that the District in conjunction with the Urban League of Greater Cleveland has conducted many workshops throughout the various counties within the certified-area. Therefore, outreach is not limited to local businesses.

Executive Director Ciaccia added that in order to enhance the ability for smaller companies to bid on District projects, the District removed the performance bond requirements on smaller projects.

Ms. Kelly agreed that the District was doing a good job; however, there is always room for improvement on any process. She stated that an additional concern is when the District receives only a few responses to its requests for proposals (hereinafter “RFPs”). This limits competition and suggests that there are areas that need improvement in order to make it more competitive. Increased competition is beneficial to the ratepayers.

Ms. Jordan explained that the OCC sends a list of certified firms that perform the specified work to the director or manager requesting the information. The OCC contacts the certified firms before, during, and at the conclusion of the RFP process. Those firms are provided with an opportunity to report to the District in order to review the information that was submitted regardless of whether the company was the successful bidder or not. Ms. Jordan stated that the firms are provided with ample opportunities to gather information in order to prepare for its next bidding cycle.

Ms. Kelly recalled that the Board recently passed a resolution for the District to conduct a survey about whether the District has a “friendly” process.

Executive Director Ciaccia explained that it is a customer awareness survey which does not pertain to contracting. The District could in fact tailor a survey for the contracting community.

Ms. Jordan advised that the OCC did conduct a survey in 2011, which differs from the survey recently authorized by the Board, through electronic mail that was distributed to all certified firms. The survey consisted of five questions pertaining to the District’s certification process, contracting and suggestions for improvement. The OCC is currently drafting questions for the 2012 survey, which should be distributed in about two weeks.

Ms. Kelly stated that this would be helpful and an enhancement to the District's program.

Executive Director Ciaccia referred to Resolution No. 174-12, which authorized awarding the contract to the second lowest bidder, Apostolos Group, Inc. dba Thomarios, for the Southerly Wastewater Treatment Center Paint and Maintenance Repair (PMR-3) project. He explained that the District decided not to award the PMR-3 contract to the lowest bidder primarily because the contractor failed to take into consideration the District's subcontracting goals or at least submit a good faith effort. Consequently, the District exercised its right to select the lowest and best bidder which strengthens the District's process.

Authorization of Easement

Resolution No. 179-12

Acquire from Eumorphia and Konstantinos E. Stavrou one temporary easement (Part of Cuyahoga County Permanent Parcel No. 009-25-001) necessary for construction of the Spring-Jennings Cut Off Sewer (SJCOS) project. Consideration: \$300.00.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution No. 179-12. Without objection, the motion carried unanimously.

Sewer Use Code Matters

Resolution No. 63a-12

Authorization to amend Title I of the *Code of Regulations*.

Resolution No. 180-12

Adopting the findings of the Hearing Examiner regarding the sewer account of One Bratenahl Place, c/o Charles Baron, Property Manager, Account No. 5998440000, Sewer District Case No. 12-006.

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution Nos. 63a-12 and 180-12. Without objection, the motion carried unanimously.

Authorization to Implement

Resolution No. 181-12

Implement 2012 Watershed Grants Program
- Operating Support Grant. Cost not-to-exceed \$240,000.00.

MOTION – Ms. Kelly moved and Mr. Sulik seconded to adopt Resolution No. 181-12. Without objection, the motion carried unanimously.

Authorization to Amend

Resolution No. 136a-12

Amend Title V – Stormwater Management
Code of the *Code of Regulations*.

Resolution No. 32a-12

Amend Resolution No. 32-12 which
established the 2012 salary grade ranges for
non-union employees, effective February 2,
2012.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 136a-12 and 32a-12. After discussion and without objection, the motion carried unanimously.

Mr. Brown referred to Resolution No. 136a-12 amendment to Title V “Stormwater Management Code” of the *Code of Regulations* (hereinafter “Code”) and he advised that the District had distributed the amendments to the communities for a 30-day comment period. Mr. Brown stated that it was his understanding that the District received no comments regarding the changes. Director of Watershed Programs, Frank Greenland, affirmed.

Executive Director Ciaccia turned discussion over to the Manager of Watershed Programs, Kyle Dreyfuss-Wells to provide the Board with an overview of those changes.

Ms. Dreyfuss-Wells stated that the current version of Title V was distributed to the communities on June 8th. The 30-day comment period closed July 10th. The modification to Title V were to incorporate Judge Pokorny’s ruling of February 15th, settlement agreements reached between the Catholic Diocese and Cemeteries and the Cleveland Municipal School District, and concerns raised by joint opposition communities.

Ms. Dreyfuss-Wells advised that although there were no substantive comments one community indicated that it was “great” and another entity found the program to be

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“consistent with what they thought it was going to be.” The opposition communities indicated “no comment.”

Ms. Dreyfuss-Wells moved discussion to the changes under Chapter 7, Stormwater Fees. Cemeteries owned by the State of Ohio, counties, member communities, or not-for-profit agencies will be exempt from the SMP fees.

The declining block fee was established for non-residential parcels with more than 10 equivalent residential units, which is 30,000 square feet of impervious surface.

A new fee category was established for the educational economically disadvantaged, which applies to schools having more than 25% of the students qualify for the federal free lunch program.

The District established the Affordability Crisis Voucher Program making Title V consistent with Title I. Both the educational economically disadvantaged SMP fee and SMP affordability would be the homestead fee, which is \$2.03 per ERU as opposed to the \$5.05 for 2013.

Ms. Dreyfuss-Wells moved discussion to the changes under Chapter 8, Stormwater Fee Credits. The first change involves the District’s commitment to develop curriculum for grades 3, 5, 7 and 10 to help interested public and private schools obtain the SMP education credit.

To coincide with Judge Pokorny’s suggestion of small credits being given for the cost of preparing an application and approval for credit, the District will credit the costs related to credit application for SMP fee credits to non-residential account holders.

Ms. Dreyfuss-Wells moved discussion to the changes under Chapter 9, Community Cost Share Program, which is that a portion of the fees collected in a member community will be available to that specific community for use towards non-regional projects such as catch basin cleaning. A list of eligible activities as well as non-eligible activities was incorporated into the Code. Ms. Dreyfuss-Wells pointed out that projects mitigating separate sanitary sewer overflows have been included into the list of acceptable community cost share projects. Additionally, community cost share was increased from 7.5% to 25% of the annual revenue collected in any member community.

Ms. Dreyfuss-Wells concluded her presentation by providing the Board with a community cost share example. The estimated revenue for the City of Maple Heights is \$821,307. Community cost share at 7.5% would be about \$61,598 whereas at 25% would be \$205,307. Said amount would be available to Maple Heights for use on local projects through a grant program run by the District.

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Mayor Bacci inquired how the revenue stream will be impacted with those amendments.

Ms. Dreyfuss-Wells replied that it is significantly impacted and is potentially a 30% reduction in revenue. The SMP program is down to \$27 million annually from the anticipated \$38 million. Ms. Dreyfuss-Wells noted that the community cost share is a significant portion; however the community cost share money will be available to the District, but the funds will be used for local projects in partnership with the member communities.

Executive Director Ciaccia added that although the increased community cost share is less money available to the District, it is money that will be put to good use throughout the region for stormwater-related issues.

Mr. Brown inquired about the process for approval of those projects eligible under the community cost share program.

Ms. Dreyfuss-Wells advised that the policy is currently being developed. Communities will be required to submit an application for review and approval. The District will then work with the communities to move forward with project implementation.

Authorization to Modify

Resolution No. 182-12

Modify the Engagement Agreement of Calfee Halter & Griswold LLP in NEORSD v. Bath Township, Ohio, Case No. 714945.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 182-12. After discussion and without objection, the motion carried unanimously.

Mayor Starr inquired if Resolution No. 182-12 authorized the modification of rates of pay.

Executive Director Ciaccia explained that Resolution Nos. 182-12 and 178-12 are related. Mark Wallach, who was the lead attorney for the District's SMP litigation matter, has left Calfee Halter and Griswold (hereinafter "Calfee") and joined the firm of Thacker Martinsek LPA. An arrangement was made whereby Mr. Wallach will continue to perform as the District's lead attorney and obtain support from the Calfee attorneys on this matter. Therefore, the District's legal team will be intact. Executive Director Ciaccia noted that it will be a more favorable rate for the District.

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Mayor Starr questioned the amount the District spent on the SMP litigation thus far wherein Director of Law, Marlene Sundheimer, advised that she can get those numbers for the Board.

Mayor Starr questioned as to the anticipated amount the District will spend on this matter going forward. Ms. Sundheimer indicated that the District does not anticipate the same spending level since the trial has concluded. The District is preparing for possible appeals, which is less time intensive. Appeals must be filed by July 30th.

Executive Director Ciaccia advised that the community interveners already publicly stated that they plan appealing this matter.

VI. Information Items

1. Program Management Status and Update – June 2012.

Executive Director Ciaccia introduced Deputy Director of Engineering and Construction, James Bunsey, who was sitting in for Kellie Rotunno. He also introduced Kim Jones, Manager of Communications and Community Relations, who was sitting in for Constance Haqq.

Mr. Bunsey moved to the first report item and he stated that there is much activity at the Nine Mile Creek site including the operation of six large cranes. The District is nearing project close out and completion of the Nine Mile Electrical Substation (hereinafter “NMES”) project. The NMES is energized and ready to provide power to the tunnel boring machine (hereinafter “TBM”) which is approximately 4,000 horsepower.

Mr. Bunsey moved to the Euclid Creek Tunnel (hereinafter “ECT”) project and he advised that the TBM is at the bottom of the ECT shaft. The TBM is estimated at 300 feet long with trailing gear. The installation of the conveyers is ongoing and the District anticipates the tunnel boring activities to begin mid-August.

Mr. Bunsey moved to the next report item regarding the Easterly Tunnel Dewatering Pump Station (hereinafter “ETDPS”). The baseline project schedule has been accepted, revised and authorized, which provides the District with the tool for financial and schedule control of said project. The two shafts leading to the pump station are underway.

Mr. Bunsey moved to the next report item regarding the Renewable Energy Facility (hereinafter “REF”) and he advised that said project is near 80% completion. Electrical and process equipment is being installed and the District anticipates lighting the first

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incinerator by the fourth quarter of 2012. The REF is expected to be substantially completed April 2013.

Mr. Bunsey moved discussion to the general allowance with respect to the REF project wherein he advised that Ms. Rotunno previously informed the Board that the general allowance on this contract was \$6 million on a \$92 million project, which is substantially less than the typical 10%. The District has expended \$4.2 million and expects to exceed the \$6 million general allowance in order to complete the REF. Engineering and Construction anticipates making recommendation to the Board for the authorization of a contract modification to increase the general allowance on the REF project.

Mr. Bunsey moved discussion to the key performance indicators (hereinafter "KPIs") wherein he advised that the District has awarded \$76 million against its goal of \$102 million. Taking into account the \$22 million awarded by the Board today, then the District is at \$98 million bringing it within 95% of its KPI, which is ideal.

Mr. Bunsey moved to the KPI for the engineer's opinion of probable construction cost compared with the actual bid. The bids are averaging 3% higher than the engineer's option of probable construction cost. Mr. Bunsey noted that this does not translate into the District being 3% over on its projects since the average lowest bidder is below the engineer's opinion. Therefore, the District is meeting its KPI.

Mr. Bunsey moved to the next report item regarding the KPI for cash flow expenditures on contracts. The District is at \$107 million which is 86%. Mr. Bunsey explained that although the District is currently meeting its KPI it is nearing the "yellow" which is below 85%. The TBM production will impact cash flow to the contractor which is expected to bring the District back to the "solid area of green."

Mr. Bunsey moved to the next report item regarding the KPI for bringing contracts within budget. The District strives to bring contracts within 95% of the contract value and to date is at 85% of the contract value. The next four project closeouts are anticipated to be at 95%.

Mr. Bunsey moved to the next report item regarding the KPI for the Business Opportunity Program and he advised that to date the District has reached 22% percent of MBE, WBE and SBE subcontractor participation of the total contract value.

Mr. Bunsey pointed out that the graphic has changed and that the District plans to establish and monitor the goals individually for each project. The goals were shown in blue. Participation that met or exceeded the District's goals was depicted in green. Mr. Bunsey referred to the slide showing each project that will close within 90 days and he noted that each project is expected to exceed the District's goals.

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Executive Director Ciaccia pointed out that the District is obtaining better results at project completion than what was indicated by the contractor in their bids as it pertains to MBE, WBE and SBE participation. Executive Director Ciaccia stated that at the time of contractors' bids they are not committed to certain subcontractors and often times circumstances change during the course of the project. In an effort to meet their goals, the contractor has an opportunity to work with District regarding the assignment of subcontractors.

Discussion was turned back to Mr. Bunsey and he advised that with respect to cash flow to subcontractors the actual is greater than planned and the District is ahead and meeting its KPI.

Mr. Bunsey concluded his report with a quote by Stephen Covey, "Management is efficiency in climbing the ladder of success. Leadership determines whether the ladder is leaning against the right wall." Mr. Bunsey added that, in this instance, the "ladder is leaning against multiple walls."

VII. Open Session (any subject matter)

Mr. Brown indicated that he wanted to respond to the comments by Mayor Starr with respect to the important issues raised on CWD's inability to generate accurate bills for a period of time. Since the District is one of CWD's largest customers Mr. Brown suggested that CWD present to the Board information as it pertains to the results of the turnaround process. Mr. Brown noted that the CWD is planning to make a presentation to the Suburban Council of Governments on July 26th.

Mr. Brown stated that he would like for this presentation to include the impacts on call volume, how quickly calls are being retrieved, issues related to collections activity and collections being at 98%. Mr. Brown would like for CWD to discuss the different systems put in place in an effort to achieve a higher level of customer service for the ratepayers and the ability to effectively resolve issues.

Mr. Brown concluded that he would like for CWD to present to the Board the steps taken by CWD to address those concerns raised about customer service, what the District can expect from the new billing system, the tools intended for use by the District and the metrics CWD has put in place. Mr. Brown indicated that he is interested to learn about the anticipated outcomes as the new billing system is implemented.

Executive Director Ciaccia advised that he will contact CWD representatives to determine which Board meeting they will be able to present this information. He noted that the new automated meter reading system is being installed which will impact District

customers. Executive Director Ciaccia commented that it will be a good discussion for all parties.

VIII. Public Session

No members from the public registered to speak at Public Session.

IX. Executive Session

Mr. Brown stated that there were items for discussion in Executive Session.

MOTION – Mayor Bacci moved and Mr. O'Malley seconded to enter into Executive Session to consult with legal counsel and District administration regarding the post audit conference with the auditor of State, the extension of Executive Director's contract, and proposed settlement with five Summit County communities regarding the SMP litigation. Mayor Bacci stated that discussion of these matters in Executive Session are permitted as specific exceptions to the Public Meetings Act pursuant to Ohio Revised Code §121.22(D)(2), (G)(1) and (G)(3) and he specifically designated all matters discussed in Executive Session to be protected from public disclosure in accordance with Ohio Revised Code §121.22(G), and attorney-client privilege. A roll call vote was taken and the motion carried unanimously to adjourn into Executive Session.

The Board met in Executive Session from 1:40 p.m. to 2:17 p.m.

X. Approval of Item from Executive Session

Resolution No. 183-12

Executive Director Contract Extension.

MOTION – Mayor Bacci moved and Mr. O'Malley seconded to add and adopt Resolution No. 183-12. After discussion, a roll call vote was taken and the motion carried with one nay vote by Mayor Starr.

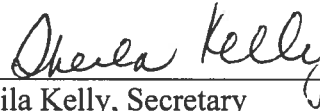
Mr. Brown noted that Resolution No. 183-12 is for the contract extension of Executive Director Ciaccia, which expires at the end of 2012. The effective term of employment will commence January 1, 2013 through December 31, 2016. All other terms and conditions will remain the same.

Executive Director Ciaccia thanked the Board.

Mr. O'Malley commended Executive Director Ciaccia on his hard work.

XI. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mayor Bacci seconded the motion to adjourn at 2:19 p.m. Without objection, the motion carried unanimously.



Sheila Kelly, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



Darnell Brown, President
Board of Trustees
Northeast Ohio Regional Sewer District