

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 4, 2010

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
G. Starr
D. DePiero
S. Kelly
T. Longo
W. O'Malley
R. Sulik

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

II. Approval of Minutes

MOTION – Mr. Sulik moved and Ms. Kelly seconded that the minutes of the January 21, 2010 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia advised that no members from the public registered to speak at Public Session.

IV. Executive Director's Report

Executive Director Ciaccia moved to the first report item regarding the Combined Sewer Overflow Long Term Control Plan (hereinafter "CSO LTCP"). An Executive Session will be held in order to provide the Board with an update of the CSO LTCP negotiations and the governments' position. David Burchmore from Squires Sanders and Dempsey and Director of Engineering and Construction, Kellie Rotunno, will lead those

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discussions. Subsequent meetings will be held with the state and federal governments, and we are nearing the point at which we need to determine our position on this matter.

Executive Director Ciaccia moved to the next report item regarding the Stormwater Management Program (hereinafter "SMP"), and in regards to the Summit County Case, the District filed a Motion to Dismiss and a Motion for Change of Venue. The District requested a hearing on said motions and has not yet received a response from the Summit County Court of Common Pleas.

The District filed for Declaratory Judgment and Petition to Amend the District's Code of Operations in the Cuyahoga County Court of Common Pleas. A Case Management Conference has been scheduled for February 12, 2010. District representatives will be present at this meeting along with Calfee Halter & Griswold, the District's representation in this matter.

Executive Director Ciaccia was unsure whether any representatives from the communities will be present at the Case Management Conference, and he advised that the communities have 28 days from the time they were served to respond. Thus far, the District received one response from the Village of Orange wherein the Village of Orange indicated they were in agreement with the District's authority to implement the SMP. District staff has had verbal discussions with some of the law directors of our member communities. According to Executive Director Ciaccia, discussions thus far have been very amicable and we are continuing to move in the right direction.

Director of Watershed Programs, Frank Greenland, and his staff continue to work diligently on the SMP Credit Manual. The District looks forward to educating the public and providing them with ample information on the stormwater credits and to ensure that the public is well informed of the SMP credit policy.

The District wants to make certain that the City of Cleveland Division of Water (hereinafter "CWD") billing system is ready for SMP billing. Executive Director Ciaccia advised that the District engaged IBM to conduct an assessment of our technological needs and they are nearing completion.

Director of Information Technology (hereinafter "IT"), Humberto Sanchez, informed the CWD of the District's need to incorporate the SMP fee into their billing system, which will require additional resources. Therefore, the District requested a cost proposal in order to accommodate the stormwater fee into their billing system. We are hopeful that CWD will get started on this as soon as possible. Executive Director Ciaccia indicated that the District is moving forward in a positive direction.

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Executive Director Ciaccia moved to the next report item, and he advised that a meeting of the Suburban Council of Governments (hereinafter "SCOG") convened on January 28, 2010 to elect a Trustee to the Board. Mayor Longo's term as Board Trustee will expire on March 1, 2010. Mayor Don Kuchta of the City of Macedonia and Mayor Jack Bacci of the Village of Cuyahoga Heights were nominated, and the SCOG elected Mayor Jack Bacci as Trustee to represent communities situated to the east of the Cuyahoga River. Executive Director Ciaccia indicated that both Mayors Bacci and Kuchta were present at the Board meeting. Executive Director Ciaccia and the Board congratulated Mayor Bacci.

Executive Director Ciaccia moved to the next report item, and he advised that the District is nearing completion of the 2010 budget and will be ready to present its budget to Finance Committee on March 2nd. Executive Director Ciaccia stated that the 2010 budget was challenging, and he predicted that the 2011 budget will be even more challenging due to the District's obligations of getting construction projects underway.

The District is examining different mechanisms to ensure that it meets its debt service requirements, which is our key budgeting and fiscal metric. In 2009, the District reached this metric and we will be in good shape for 2010, however, we must also meet this metric in 2011. Executive Director Ciaccia indicated that in 2006 the CSO LTCP negotiations were put on hold and the projected rate increases that should have been in place for 2007 through 2011 were scaled back. Subsequently the District advanced some of its construction projects in anticipation of the CSO LTCP obligations which has strained our ability to meet the necessary metrics as it relates to the debt service coverage. Executive Director Ciaccia explained that he wanted to inform the Board of some of the budgeting challenges, and he advised that we are intending to meet our budget without having to request additional funds before the 2012 through 2016 rate period. Executive Director Ciaccia advised that additional discussions will be held during the March budget meetings.

Executive Director Ciaccia moved to the last report item regarding an explosion that occurred in the electrical system at the Easterly Wastewater Treatment Plant on Wednesday, February 3rd around 1:00 p.m. Discussion was turned over to the Director of Operations and Maintenance, Dave McNeeley, to provide the Board with an overview of the incident.

Mr. McNeeley stated that on February 3rd at Easterly, they experienced a dead short in a motor starter for a 1500 horsepower blower. Mr. McNeeley referred to a photographic image, and he explained that upon opening the cabinet, they found a component lying across three fuses for a 4,160 volt system. This caused a dead short resulting in a power drop. However, the system continued working, but we lost power to this component. We

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saw a small power drop at the Easterly WWTP which required having the restart some of the equipment.

Mr. McNeely referred to a photographic image of the outside of a similar cabinet and at the lower motor starter compartment because he wanted to show the Board what the undamaged area should look like. Mr. McNeely stated that a component was laid across this section. This system was out of service for contract work. The contractors were pulling feeder lines to replace an open buss system, and when the system was reenergized, the dead short occurred.

Mr. McNeely referred to a picture of a cover component from an old system, which is no longer in service. This cover was in an adjacent area to the motor starter room. Mr. McNeely indicated that "this appears to be an intentional act and that somebody had taken this motor starter and opened the motor starter compartment box, and laid it across those busses and closed the box."

Mr. McNeely stated that the system was energized from the main switch gear, which is approximately 30 to 40 feet away. Fortunately, there was nobody in the vicinity when the incident occurred.

The District isolated the area and the Cleveland Police Department (hereinafter "CPD") is investigating this matter. The component that was lying across the three fuses was turned over to the CPD to dust for fingerprints. Mr. McNeely advised that we are in the process of evaluating the damage. The District has lost the use of the #5 blower, which is for the aeration system; however we have sufficient capacity to maintain Easterly WWTP operations.

Executive Director Ciaccia indicated that in addition to the disruption of District operations, the amount of damage is estimated to be \$50,000. The District initially contacted the CPD and they turned the investigation over to Cleveland Fire Arson (hereinafter "CFA"). Executive Director Ciaccia indicated that we are considering involving other agencies as well, but this will need to be coordinated with the CFA investigators. Executive Director Ciaccia commented that "this is a very serious matter" and at this point we believe "this was no accident." The District intends investigating this incident to the fullest extent, and staff will keep the Board apprised of this situation.

Mr. Brown inquired if contractors were near the location. Mr. McNeely affirmed and he explained that the District has an antiquated system. Under the Easterly Substation Replacement Contract, the District is replacing the open buss system with cabling and conduit. Part of the project required isolating the circuit, installing cable and to reenergize the circuit. The work being conducted by the contractor was in the upper compartment, not in the lower compartment. Mr. McNeely referred to a photograph of

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the upper compartment, and he advised that the contractor had to access behind the panel in order to install the cabling. The contractor needed to open the lower compartment in order to access a switch or pin that has to drop down. There was no contract work being completed in the lower compartment.

Mr. Brown inquired whether the District has security surveillance or technology to identify which individuals had access to the location in question. Executive Director Ciaccia stated "no." The Manager of Safety and Security, Jim Davidson, and the Chief have been pushing for this type of surveillance. An analysis was conducted to formulate a plan in order to install additional cameras, but at this point, this particular area is not under camera surveillance nor are there any access controls.

Mr. Brown inquired whether other areas of the Easterly WWTP are under camera surveillance wherein Executive Director Ciaccia stated he did not believe so. Mr. McNeeley advised that the building is locked during the off-shift, but there is access through the tunnels.

Mr. Brown questioned if the incident occurred during an off-shift. Mr. McNeeley replied that the "#5 blower was operating on Monday when it was taken down. So this occurred some time between Monday at around 9:00 [a.m.] and Wednesday around 1:00 [p.m.]. And, we also had contractors working in that area, so, the building was open."

Mr. Brown inquired whether there was anything strategic about this particular piece of equipment, or is it just because it is out of the way. Mr. McNeeley stated "no" and that "it is out of the way" since the building is not occupied during off-shifts. Shift staff goes through this area twice during the shift.

Executive Director Ciaccia advised that the material which created the short was a spare part from a piece of old equipment that was laying in another room and had not yet been discarded, therefore, it had no reason being in the location where the incident occurred.

Ms. Kelly questioned what else can be affected by this incident. Mr. McNeeley stated that we encountered a small power drop causing systems to kick in, which dropped out other equipment, and then that equipment had to be restarted. The system worked according to how it was designed; and therefore, other equipment was not significantly impacted.

Mayor Longo assumed that the District will conduct an evaluation of the operation and determine what type of security measures should be put in place. He inquired whether the District intends conducting security evaluations at the other WWTPs.

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Executive Director Ciaccia explained that the CWD was mandated to conduct a vulnerability assessment and install the proper security system based on those results. CWD conducted a very comprehensive review of its facilities and entered into a mega contract to install related systems. Executive Director Ciaccia advised that the District had conducted some assessments, which he reviewed prior to this incident, and that Mr. Davidson has been steadily pushing the security issues since joining the District. Executive Director Ciaccia stated that the security assessment was not as comprehensive as he would have liked and there were some questions, but we intended moving forward with this project, which is a part of our Capital Plan.

Executive Director Ciaccia further stated that terrorism threats to the WWTPs were not as high as with the water systems, and there was a false sense of WWTPs not having to move forward with security measures as quickly. However, there are internal threats in addition to international threats which must be considered, therefore, Executive Director Ciaccia suggested that we expedite Mr. Davidson's security program.

Mr. Brown inquired if the District intends coming back to the Board with information pertaining to appropriate security cameras, card readers, hardware and software in order to fit our needs and raise the level as to where we should be. Executive Director Ciaccia affirmed, and he indicated that the CWD installed a centralized security system which cost millions of dollars, and he was unsure whether the District needed to implement such a sophisticated system.

Mayor Longo questioned "why wouldn't we have to take a look at it as in depth as they [CWD] did?" Executive Director Ciaccia stated that "maybe we should, but we do not have quite the operational threat that they have." CWD's biggest threat is the perception of the customers, the end users, who are consuming the product. The District's biggest threat is the environment, which we should not take lightly, but the District may not need as elaborate of a security system as a company dealing with a product that customers consume.

Mayor Longo stated that we have automated and consolidated the operation of the WWTPs so gates can be monitored and controlled remotely, which cut down on the personnel needs, and because of the environmental concerns, we should have the safeguards in place in order "to ensure that someone does not go into one particular area and disrupt the whole system."

Mr. Brown indicated that Mayor Longo's point was valid and that we should, at a minimum, know who has access to the facilities and when they are entering and leaving those facilities. We also need to know what other security measures are needed, if necessary.

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Executive Director Ciaccia stated that Mr. Davidson and the security staff have already done a great job hardening, fencing and making sure that we have enough qualified security officers, and that security cameras and access controls is the next step. Executive Director Ciaccia explained that the District has a large amount of ongoing construction projects which will make it more challenging to install advanced security systems since the sites are constantly changing, but we want to conclude this investigation and come back to the Board with a security plan.

Mayor Longo questioned whether someone was intentionally trying to disrupt the contractor or trying to cause minimal problems at the District. He commented that "in industry you see these kinds of things take place and there are always these safeguards that have to put in, but this is something that we never had to really address." Mayor Longo suggested that we put some thought into how we plan to secure these areas.

Executive Director Ciaccia indicated that vandalism can happen anywhere but this was extremely dangerous and could have easily resulted in casualties. Whoever was involved with this suspected sabotage exposed our employees to a very dangerous situation.

Mr. Sulik inquired whether the equipment controlled the aeration tank. Mr. McNeeley replied that it is the blower for the aeration tanks. Mr. Sulik inquired if we are able to use the aeration tanks. Mr. McNeeley stated "yes, we have five blowers." Mr. Sulik inquired if this situation affected operation wherein Mr. McNeeley stated "no, but it reduced some of our flexibility, but we are in good shape."

Mr. O'Malley inquired whether the District has any safety or startup procedures. For example, if the shorts were phase-to-phase or phase-to-ground, a simple meter test could have prevented this situation from occurring. If we do not have these mandates on the contractors to conduct a safety test, we should consider implementing this type of protocol for any apparatus being worked on, or at least require a simple ground test in order to determine if anything is shorted out before they throw a switch. This could have prevented this problem, and in any industry this is standard practice.

In response to Mr. O'Malley's comment, Mr. McNeeley advised that the District does have a protocol in place, and that this process was followed. Those breakers were closed locally before being energized from the main sub and that is why nobody was there. Mr. McNeeley indicated that the particular compartment was serviced under a high voltage maintenance contract last month, and "we do have a procedure in place where we rack in and out all of our breakers and don't leave it up to the discretion of the contractor." The District takes control of this for the safety of its personnel as well as the contractors for the reason that we know are systems best, and we work closely with the contractors. Safety and security held several meetings regarding equipment shutdowns and procedures that need to be followed.

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Mr. O'Malley stated that "if this test was done on the load side, we would have found it before it happened." Mr. McNeeley stated "that this was one of a couple compartments that that feeder went to, and this one that somebody took the opportunity to do this."

Executive Director Ciaccia advised that Mr. O'Malley's suggestion was well taken, and he indicated that we need to review our current startup and takedown procedures. From a safety standpoint, we need to assure that we did not miss a step and that "our current practice is missing a step." Mr. McNeeley advised that once we obtain all of the information, we will be reviewing the processes with Safety to determine improvements to these procedures.

Mayor Starr inquired if this incident resulted in any illegal discharges wherein Mr. McNeeley advised that it did not.

Mayor Starr questioned whether the District has a history of similar past instances. Mr. McNeeley stated that "we have had large components go to the ground, but nothing that appears to be intentional." Deputy Executive Director, Michael Bucci, clarified that a gas explosion occurred in 1990 at the Southerly WWTP, which was deemed to be intentional. This incident resulted in two casualties and over \$2 million in damages.

Mayor Starr inquired about the resolution of this incident, and he wanted to know if the responsible parties were found. Mr. Bucci believed that a party was convicted on a lesser charge than murder and served jail time.

Mayor Starr questioned as to which contractor was involved during this incident. Mr. Bucci clarified that it was not a contractor rather it was a natural gas line that was cut. The two gentlemen entered a tunnel through a door that caused a spark and ignited the gas causing an explosion.

Mayor Starr questioned if the contractor on this job had past incidents while working on other District projects. Executive Director Ciaccia explained that the contractor is Bay Mechanical & Electrical Corporation (hereinafter "Bay Mechanical"), and that we are not aware of any past problems of this nature with them. Executive Director Ciaccia advised that Bay Mechanical was not working in that particular part of the panel and were working in the above the panel. Executive Director Ciaccia speculated that it could have been a disgruntled Bay Mechanical employee, a disgruntled District employee, or disgruntled employee working for another contractor. At this point, we do not know.

Mayor Starr inquired whether this could have possibly been an accidental mistake. Executive Director Ciaccia stated that we suspect it was not a mistake, however, "we are not ruling anything out at this point."

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Ms. Kelly inquired if the District has surveillance cameras in the tunnels wherein Mr. McNeeley advised that we do not.

Ms. Kelly commented that the terrorist situation has always been a primary concern, and that we now have an opportunity to strongly evaluate and put surveillance in place in order to prevent further incidents. The loss of \$50,000 is one thing, but the potential loss of life is very serious, and we must do everything within our power to protect people.

Mr. Brown indicated that we were all in agreement with Ms. Kelly, and he suggested that "our response would be inappropriate in a measured response based upon what we feel our exposures may be, so that we are responding appropriately and not overreacting." Given the District's infrastructure and tunnels, Mr. Brown was confident that the District will conduct the necessary due diligence in order to determine an appropriate response, and the Board will await staff's recommendations.

V. Action Items

Sewer Use Code Matters

Resolution No. 37-10

Adopting Hearing Examiner Findings with regard to the Sewer Account of Pokrova Ukrainian Catholic Parish, Northeast Ohio Regional Sewer District Case No. 10-001.

Resolution No. 38-10

Adopting Hearing Examiner Findings with regard to the Sewer Account of Violet R. Welch, Northeast Ohio Regional Sewer District Case No. 10-002.

Resolution No. 39-10

Adopting Hearing Examiner Findings with regard to the Sewer Account of Aeromag 2000 CLE, LLC, Northeast Ohio Regional Sewer District Case No. 10-003.

MOTION – Mayor DePiero moved and Mayor Longo seconded to adopt Resolution Nos. 37-10 through 39-10. Without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 45-10

Direct Purchase from Polychem Systems, Replacement, Non-Metallic Sludge Collector Parts, on an as-needed basis, for the Primary Settling Tanks at the Southerly and Easterly Wastewater Treatment Plants. Cost: Not to exceed \$200,000.00.

Resolution No. 46-10

Direct Purchase from Sole Source Vendor Rexel Midland, Programmable Logic Controller Hardware and Software for all District Facilities. Anticipated expenditure: \$110,000.00.

MOTION – Ms. Kelly moved and Mayor Starr seconded to adopt Resolution Nos. 45-10 and 46-10. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 47-10

Two-Year Requirement Contract with CED/Leader Electrical for Lighting and Fixtures for use at all Wastewater Treatment Plants and the Environmental and Maintenance Services Center. Cost: \$29,454.72.

Resolution No. 48-10

Two-Year Requirement Contract with Outreach Laboratories, Inc. to provide Radiochemical Analysis (Cobalt 60). Cost: \$67,620.00.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution Nos. 47-10 and 48-10. Without objection, the motion carried unanimously.

Authorization to Pay Dues

Resolution No. 49-10

**2010 Build Up Greater Cleveland
Stakeholder Membership Dues. Cost:
\$40,000.00.**

MOTION – Mayor DePiero moved and Mayor Longo seconded to adopt Resolution No. 49-10. Without objection, the motion carried unanimously.

Authorization to Amend Resolution

Resolution No. 50-10

**Amend Resolution No. 93-09 for the
authorization of additional expenditure
to ensure that funds are available
through March 2010, when the District
plans having a second Industrial Gas
Contract in place with additional sites
added. A cost increase of \$12,037.15,
bringing the total contract price to
\$35,800.00.**

MOTION – Mayor Longo moved and Mr. Sulik seconded to adopt Resolution No. 50-10. Without objection, the motion carried unanimously.

Authorization to Amend Title V

Resolution No. 51-10

**Amend Section 5.0213 of Title V –
Stormwater Management Code.**

MOTION – Mr. O'Malley moved and Mayor Starr seconded to adopt Resolution No. 51-10. Without objection, the motion carried unanimously.

Authorization to Enter Into Settlement Agreement

Resolution No. 52-10

**Settlement Agreement with Mario
Gonzalez, Cuyahoga County Common
Pleas Case Number CV-09-695256. Cost:
\$17,500.00.**

MOTION – Mayor DePiero moved and Mayor Longo seconded to adopt Resolution No. 52-10. Without objection, the motion carried unanimously.

VI. Information Items

1. Small Business Enterprise Program Update.

Executive Director Ciaccia indicated that Contract Compliance Manager, Tiffany Jordan, would present a Small Business Enterprise (hereinafter "SBE") program update to the Board. He reminded the Board that the SBE program kicked off on June 1, 2009, therefore, the data will be mixed bag of the former Minority Business Enterprise (hereinafter "MBE") and the Women's Business Enterprise (hereinafter "WBE") program and the current SBE program. The SBE data cannot be benchmarked since there were no past numbers.

Mr. Brown questioned if this is the baseline we are creating. Executive Director Ciaccia stated that it will be difficult creating a baseline this year since 2009 was a hybrid and mixture between the two programs; however, he believed it was important to examine some of the numbers to better understand our current position. Executive Director Ciaccia expected 2010 to be the baseline year, and he reminded the Board that we may have another iteration of our SBE program contingent upon the disparity study results.

Ms. Jordan indicated that her presentation will provide the Board with a SBE program update including vendor registration, public partners, community outreach, SBE outreach, SBE certification and future initiatives.

The vendor registration process was created by Purchasing Manager, Jacqueline Williams, and is an online system that collects data including a company's contact information; ethnicity; gross revenues; additional certifications; county in which the business is located; the status of the business; and whether it is an MBE or WBE firm. The online system collects the NAICS [North American Industrial Classification Code Standards] codes for a particular company which identifies the services a company is capable of providing.

The total number of vendors registered to date is 1,361, which includes large and small companies. Of the 1,361 registered vendors, 575 are certified SBEs having completed the District's certification process. Of the 575 certified SBEs, 189 are MBE firms and 208 are WBE firms.

The District engaged in community outreach with a vast group of people including the Asian American Community and the Northern Ohio Supplier Business Development Counsel. The District participated in panel discussions and distributed SBE brochures and literature. The District held six workshops, three in Cuyahoga County and one in Summit County, Lake County and Lorain County.

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Those workshops focused on small business development for construction companies, and 42 SBE certified construction companies participated in the workshop. Out of those participants, 36 graduated from the program. Prime contractors also volunteered in this effort including Davey Tree, Independence Excavating, Kokosing Construction, Ozanne Construction, Shook Construction and CH2M-Hill. Ms. Jordan thanked District staff who participated in this effort

Ms. Jordan stated that of the 575 certified SBEs there are 153 construction firms, 42 engineering firms, 124 goods and 256 services firms.

In 2009, the MBE, WBE and SBE data was compiled and the total awards for construction, goods, services and design was \$302 million. Ms. Jordan indicated that \$278 million was for capital awards and \$23.9 million was for goods and services.

In 2009, the District made actual payments to SBEs, MBEs and WBEs totaling \$98 million including \$78 million in capital payments and \$21 million in goods and services payments.

Executive Director Ciaccia explained that the lag for payments versus total awards was due to many projects having been awarded in 2009, but will not commence until 2010. Mr. Brown inquired if the lag is because the work has not actually been performed and not because of performance. Executive Director Ciaccia affirmed.

Mayor Longo inquired whether all MBEs and WBEs are considered SBEs. Director of Finance, Jennifer Demmerle, advised that not all MBEs and WBEs qualify as SBEs. For example, DLZ Corporation is an MBE but is too large of a company to qualify as an SBE in the District's program.

Mayor Longo questioned if all "WBEs generally qualify to become SBE participants." Mr. Brown inquired as to what the SBE qualifications are based on. Ms. Jordan stated that SBE qualification is based on location, as well as, the size of the firm. If, for example, a WBE meets the eligibility standards for the District's SBE program, then they are eligible to participate in the SBE program. If a company is located in Cuyahoga County and meets the dollar standards for a three-year average for that particular NAICS code, then they can participate in the District's SBE program. Conversely, if a WBE is located in Cuyahoga County, but is too large for our SBE program, the District identifies them as a WBE, but they would not be eligible to participate in the District's SBE program.

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Mayor Longo inquired if there were any qualified WBEs in Cuyahoga County that cannot qualify for the SBE program. Ms. Jordan replied that there are some larger MBE and WBE firms that do not qualify for the District's SBE program.

Mr. Sulik commented that according to the data the greatest percentage of SBE firms certified with the District are for goods and services. If they are only participating in 13% of the available dollars, then "a little more emphasis needs to be placed on getting goods and services to these SBE firms."

Mr. Bucci replied that the SBE program commenced on June 1, 2009, and prior to that, SBE, MBE and WBE participation goals were never placed on goods and services. Mr. Bucci provided as an example the cleaning service for the GJM Building which is an MBE but did not certify with the District under the former MBE/WBE program since there were no goals placed on goods and services. They have now certified with under the District's SBE program.

Mr. Sulik inquired if we can expect an increase in SBE participation for goods and services wherein Ms. Jordan affirmed.

Mr. Brown commented that the purpose of the SBE program is twofold. We want to create a program that incentivizes inclusion in the process, as well as, compliance, so we are not just making awards and setting goals. How the SBEs perform will also be a contributing factor.

Mr. Bucci stated that certified SBEs on the procurement side that are in a pool for a specific good or service is eligible to quote on that specific good or service.

Ms. Williams reported to the podium, and she advised the Board that goals are generally not attached to goods and services purchases. Purchases are usually less than \$300,000. Ms. Williams stated that "there are opportunities for chemical purchases and things of that nature, things to deal with the operation side, and there really aren't any goals." We encourage SBEs to bid as prime contractors when there are opportunities, and the District refers to the certified SBE list for purchases in order to identify vendors that can participate. Ms. Williams stated that you are mixing apples and oranges when comparing construction goals to goods and services. Mr. Brown appreciated the clarification.

Ms. Kelly commented that there is a listing of various entities with respect to outreach, and she questioned what they actually do. Does the District instruct them on how they can effectively work with us in order to increase SBE participation? Ms. Jordan affirmed.

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Ms. Jordan explained that she meets with community leaders to discuss the SBE program. After presenting the materials, Ms. Jordan leaves a copy of her PowerPoint presentation, as well as, the postcards, literature and form of frequently asked questions, provided by the District's Communications and Community Relations (hereinafter "CCR") office, with the community leaders. Additionally, the District will host a booth and distribute information about the SBE program. The goal is to inform the community leaders so they can also reach out to the members of their organization and spread the word as to how community businesses can become certified SBEs with the District.

Executive Director Ciaccia advised that the work provided by these external sources is limited and that most of the outreach efforts are made by Ms. Jordan and the Office of Contract Compliance (hereinafter "OCC"). During the initial SBE program startup there was concerted outreach efforts, but now it is not as critical. We are now focusing on the businesses certified with District, and making known to them the available contracting opportunities here at the District.

Ms. Kelly indicated that she wanted to know if the external outreach was effective and whether the District was receiving referrals as a result of this outreach. Ms. Jordan replied that based on the numbers of participation, which have nearly doubled the number of participating businesses since the former MBE/WBE program and the outreach seemed to be effective. Ms. Jordan stated that the District has been very diverse in its outreach efforts to ensure that we inform companies about our SBE program.

Ms. Kelly questioned if the District has a way of quantifying whether the SBE participation was coming from the District's outreach efforts or from another entity. Director of Administration and External Affairs, Constance Haqq, explained that we started from zero, and what we attempted to do was inform SBEs of the District's program. Therefore, "all of our success to date has really been from starting from zero." Informing the community of the District's SBE program and contracting opportunities is our primary goal, and we believe this has led to increased participation from the community.

Ms. Kelly commented that "if we are getting more participation from a certain area then I would like to see us do more of it."

Ms. Rotunno suggested that we can measure the effectiveness of our outreach efforts by examining the individual firms obtaining District work and determining whether those firms have previously done work for the District. Many firms are getting their first District contracts as prime contractors. According to Ms. Rotunno, there are instances where we can attribute the success to our outreach efforts rather than participation resulting from a contractor that has done business with the District through the years and has just simply reclassified as an SBE. Ms. Rotunno stated that the District is bringing

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many new vendors into the fold as prime contractors and prime consultants, which is a direct result of our outreach efforts.

Mayor Longo inquired if Ms. Jordan can speculate as to when the District may be able to establish benchmarks for goods and services, as well as, other areas in which there are normally no participation goals. Ms. Jordan indicated that probably a year from now would be a good time to look at a program since we may need to revamp our SBE program in order to include MBE and WBE participation goals. Ms. Jordan speculated that the numbers will most likely be different a year from now and that will be our gauge.

Mayor Longo inquired if we will be required to revise our goals every year or every six months. Ms. Jordan speculated that the goals will be revisited annually.

Ms. Jordan moved discussion to the future initiatives for the SBE program and she advised that NERA Economic Consulting (hereinafter "NERA") is the consultant handling the disparity study, which is currently underway. NERA will be in Cleveland on March 3rd and March 4th to meet with the MBE and WBE community in order to conduct interviews and collect anecdotal evidence. Ms. Jordan anticipates disparity study results by mid-April or May.

The District hired Prevailing Wage Officer, Mark Sullivan, to track prevailing wages for the District, and a module will be added to our existing software package for reporting.

Ms. Jordan concluded by informing the Board that the District is in the process of developing a curriculum for small business development classes for professional services contractors, which will held in March or April, and this forum will be similar to the workshops previously held for SBEs on the construction side.

VII. Open Session

Mr. Brown congratulated Mayor Bacci, and he stated that the Board looks forward to his engagement and involvement as we continue with the process of vetting some very important environmental and capital requirement needs for the region and wastewater utilities.

Mr. Brown thanked Mayor Kuchta for attending the Board meeting and for his continued interest in District matters. The Board looks forward to his continued engagement and participation as well.

VIII. Public Session (any subject matter)

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

IX. Executive Session

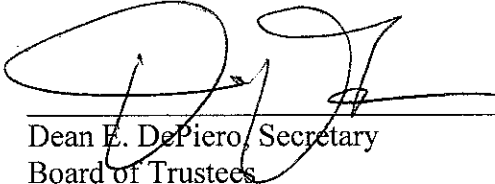
Mr. Brown stated that there were matters for discussion in Executive Session.

MOTION – Mr. Sulik moved to enter into Executive Session to discuss the CSO LTCP Consent Order and negotiations and to specifically designate all matters discussed in Executive Session to be protected from public disclosure in accordance with Ohio Revised Code §121.22(g)(3) and attorney-client privilege. A roll call vote was taken and without objection, the motion carried unanimously.

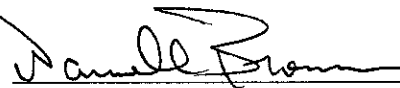
The Board met in Executive Session from 1:27 p.m. to 2:11 p.m.

X. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor DePiero moved and Mr. O'Malley seconded the motion to adjourn at 2:12 p.m. Without objection, the motion carried unanimously.



Dean E. DePiero, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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