

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
FEBRUARY 17, 2011

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
R. Sulik
D. DePiero
J. Bacci
S. Kelly
W. O'Malley
G. Starr

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

II. Approval of Minutes

MOTION – Ms. Kelly moved and Mr. Sulik seconded that the minutes of the February 3, 2010 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that Emanuele Diligente registered to speak at Public Session regarding an unidentified topic. Mr. Brown advised that Mr. Diligente's comments will be addressed during the appropriate Public Session for non-agenda related items.

IV. Executive Director's Report

Executive Director Ciaccia moved to his first report item regarding the Combined Sewer Overflow Long Term Control Plan (hereinafter "CSO LTCP") consent decree, which he advised is moving through the court process. The United States District Court for the Northern District of Ohio received 83 comments. The government is in the process of responding to those comments. Executive Director Ciaccia was unsure as to how long government's response process would take.

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Executive Director Ciaccia moved to the next report item regarding the Stormwater Management Program (hereinafter "SMP") litigation. The District deposed Mayor Samuel Alai of the City of Broadview Heights and Mayor Merle Gorden of the City of Beachwood. Members of the District staff including Executive Director Ciaccia will be deposed next week.

Executive Director Ciaccia advised that the Council of the City of Bratenahl voted to remove their community from the list of communities in opposition to the SMP.

A hearing on the District's motion regarding its authority to implement the SMP is scheduled to proceed on March 15, 2011.

Executive Director Ciaccia moved to the next report item regarding the City of Cleveland Division of Water (hereinafter "CWD") billing system. The District encountered problems last year as it relates to its summer sprinkling discount program. Executive Director Ciaccia was happy to report that the adjustments for the summer sprinkling customers are now being incorporated into their bills and that this process is going smoothly.

Executive Director Ciaccia advised that there is an April 30, 2011, deadline for the final reconfiguration of the CWD billing system to allow for the upcoming summer sprinkling program discounts. Director of Information Technology, Humberto Sanchez, and the District's team is working with the CWD team.

Executive Director Ciaccia moved to the next report item regarding the Small Business Enterprise (hereinafter "SBE") program. The District is working on the final modifications of that program which will include Minority Business Enterprise (hereinafter "MBE") and Women's Business Enterprise (hereinafter "WBE") subcontracting goals. The District anticipates presenting the proposed modified SBE program to the Board at its March 3rd meeting. According to Executive Director Ciaccia, the District compiled a good program based on the results of the disparity study and that this program will create many opportunities for SBE, MBE and WBE firms.

Executive Director Ciaccia moved to the next report item regarding the District's finances wherein he advised that our revenues are up and expenses are down as we continue to carefully manage our costs. Executive Director Ciaccia noted that the operating revenue budget for 2011 is \$176.2 million and in an effort to be more conservative this amount will be reduced to \$169.2 million. The District finished 2010 at about \$162.6 million and to increase the budget to \$176 million would be an 8% increase, which is consistent with the rate increases for this year. However, based on our recent history the District is adjusting its budget increase to 4% instead of 8%. Subsequent reports will reflect the 2011 budgeted amount of \$169.2 million.

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Director of Finance, Jennifer Demmerle, will present an overview of the 2011 budget at today's meeting. The Finance Committee will hold a budget review meeting on March 1st and the staff will present the budget to the Board for consideration at the March 17th meeting. Any budget modifications resulting from the Finance Committee meeting review will be incorporated into the Board members' packets for March 3rd.

Executive Director Ciaccia moved to the next report item regarding the rate study for the years 2012 through 2016. The District intends incorporating the rate study report into the Board members' packets for the March 17th meeting and anticipates bringing this matter to the Board for consideration in June, which will allow sufficient time for discussion as well as presenting this information to the public in a series of public forums. The District would like for action to be taken by mid-year for the reason that we intend making recommendation to restructure our rates and we will need to give the CWD sufficient time to reconfigure their billing system.

Mayor Starr inquired as to how many public hearings the District plans holding in the communities. Executive Director Ciaccia advised that the District plans holding seven public meetings.

Mayor Starr offered the City of Middleburg Heights Community Center as a location to hold a public forum wherein Executive Director Ciaccia accepted.

Mayor Starr referred to Executive Director Ciaccia's comments regarding passing the rate study in June in order to provide the CWD time to reconfigure its billing system. Executive Director Ciaccia advised that staff will make its recommendation for a new rate structure, but it is ultimately the Board's decision as to how those rates should be structured. If the Board decides against modifying the rate structure, then it will not take as much time to reconfigure the CWD billing system since it is already configured to handle the District's current rate structure. Conversely, if the Board approves the District's proposed rate structure, then we must provide the CWD with enough time to reconfigure those changes into their billing system.

Mayor Starr inquired if the proposed rates will differ from the estimated increases that were given in the fall which were initially 18% and then ended at 13%. He questioned, "What do you mean by restructuring?"

Executive Director Ciaccia replied that there are currently two rates; one established for Subdistrict 1 (Cleveland) and one established for Subdistrict 2 (suburbs). Those rates are based on MCFs (1,000 cubic feet) and consumption. There is one rate per MCF for Subdistrict 1 and one rate per MCF for Subdistrict 2. We use one MCF as a minimum charge regardless of whether one full MCF is actually used, which frustrates customers

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who do not use that amount. Therefore, the District is considering a different rate structure to include a fixed cost recovery charge and a consumption charge based on a customer's actual usage. This proposed rate structure would have to be reprogrammed into the CWD billing system.

Mayor Starr referred to Subdistricts 1 and 2 and he inquired which subdistrict has the greatest flow. Executive Director Ciaccia replied that it is difficult making this determination since we do not have the proper means to measure flow and that it is invalid to calculate flow based on water consumption since we treat more flow than the consumption measured by the meters. As a result, the District proposes moving to a fixed cost recovery charge since we treat flow received through inflow, infiltration and combined sewers, but bill based on water consumed through the meters which is only 40% of what is actually treated by our Wastewater Treatment Plants (hereinafter "WTTPs"). Sixty-percent (60%) of what we treat does not come from those water consumption meters and we cannot determine as to where that flow originates from.

Mayor Starr questioned if Subdistrict 1 or 2 has the greatest flow? Executive Director Ciaccia reiterated that we do not have the proper means to make that determination.

Mayor Starr inquired if Executive Director Ciaccia could estimate which subdistrict had the greatest flow since one of the seats appointed to this Board is a "flow seat." Mayor Starr questioned, "How could you then claim the legitimacy of that seat if you don't know what the flow is?"

Executive Director Ciaccia replied that "we have struggled with that" and that the flow seat has historically been occupied by the City of Cleveland and that the consumption of Subdistricts 1 and 2 "are very close."

Mayor Starr questioned, "What would be your guess?" Executive Director Ciaccia stated that the last time the flow issue was examined was three years ago and that "it could have gone either way." One key contributing factors is the steel mills, which consumes a significant amount of water. The question was whether the water was being consumed on the side of Cuyahoga Heights or the City of Cleveland. There really is no good source of measurement and this matter has been researched by the District attorneys, and ultimately we could not make a determination.

Mayor Starr referred to the summer sprinkling discount program and he questioned what percentage of the District's 330,000 customers participate in this program. Deputy Executive Director, F. Michael Bucci, replied that about 140,000 customers participate.

Mayor Starr commented that it has been reported that the City of Cleveland did not properly bill summer sprinkling program customers. He questioned, as of today how

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many of those 140,000 customers have been correctly billed? Executive Director Ciaccia noted that not all of the bills were incorrect. As of the 1st of January, the CWD began correcting those bills from 2010.

Mayor Starr questioned, "What percent?" Ms. Demmerle replied that of the 140,000 customers, approximately 66,000 customers needed an adjustment on their bills.

Mayor Starr inquired as to what percentage of those have been corrected. Executive Director Ciaccia clarified that less than 50% needed correcting and those adjustments will be on their first or second bill so that this problem is resolved within the first quarter.

Mayor Starr inquired if "we have identified it" and he stated that "it is not up to the consumer to identify the mistake." Executive Director Ciaccia affirmed.

Mayor DePiero inquired as to when the Board will receive the Bricker & Eckler audit report results. Executive Director Ciaccia advised that the analysis conducted by Bricker and Eckler of 20 past contracts is complete and those findings will be included in the Board members' packets for the March 3rd meeting. Representatives from Bricker & Eckler will be at that meeting to make a brief presentation on those findings. In addition, the engineering and construction staff compiled a report outlining the District's responses to those findings, which will also be included in the Board members' packets.

V. Action Items

Mr. Brown stated that he had been advised of pending legal action regarding Resolution 45-11.

MOTION – Mayor Bacci moved and Ms. Kelly seconded to enter into Executive Session to discuss legal matters related to Gary Starr v. Northeast Ohio Regional Sewer District Board of Trustees, et al., and that our discussions be kept confidential pursuant to Ohio Revised Code Section §102.03 and attorney-client privilege.

Mayor DePiero suggested the Board address the other twelve Action Items before adjourning to Executive Session in consideration of those in attendance. The Board proceeded with the agenda.

Executive Director Ciaccia advised that there were two add-on resolutions to the meeting's agenda. Mayor Starr indicated he did not receive the add-on resolutions. Mr. O'Malley stated that the documentation was located in the Board members' packets in the back room. Mayor Starr's add-on resolution documentation was retrieved and provided to him.

Authorization to Purchase

Resolution No. 36-11 Direct purchase from sole source vendor Schultz Handling Equipment, Moyno pipeliner parts for use at all Wastewater Treatment Plants. Anticipated expenditure: \$100,000.00.

Resolution No. 37-11 Direct purchase from sole source vendor Sullivan Environmental Technologies, Wemco pump parts for use at all Wastewater Treatment Plants. Anticipated expenditure: \$50,000.00.

MOTION – Mr. O’Malley moved and Mayor Bacci seconded to adopt Resolution Nos. 36-11 and 37-11. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 38-11 Two (2) year requirement contract with Action Door for overhead door maintenance for all District facilities. Cost: \$39,788.00.

Resolution No. 39-11 One (1) year requirement contract with JCI Jones Chemicals, Inc. for sodium bisulfite for use at all Wastewater Treatment Plants. Cost: \$140,679.00.

Resolution No. 40-11 One (1) year requirement contract with Polydyne, Inc. for centrifuge polymer for use at the Westerly Wastewater Treatment Plant. Cost: \$133,335.00.

Resolution No. 41-11 Contract with Noetix Corporation for the annual software maintenance and support of Noetix reporting software. Cost: \$36,060.00.

MOTION – Ms. Kelly moved and Mayor Starr seconded to adopt Resolution Nos. 38-11 through 41-11. Without objection, the motion carried unanimously.

Authorization to Pay Dues

Resolution No. 42-11

2011 Build Up Greater Cleveland
stakeholder membership dues. Cost:
\$40,000.00.

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 42-11. Without objection, the motion carried unanimously.

Authorization of Official Representative

Resolution No. 43-11

Designate Executive Director Julius Ciaccia as the Northeast Ohio Regional Sewer District authorized representative for U. S. Environmental Protection Agency grant applications, acceptances, etc.

MOTION – Mr. O'Malley moved and Ms. Kelly seconded to adopt Resolution No. 43-11. Without objection, the motion carried unanimously.

Authorization to Retain Legal Counsel

Resolution No. 44-11

Authorization to retain the law firm of Zashin & Rich Co., L.P.A., as special counsel to direct and represent the District in labor negotiations for the new three (3) year collective bargaining agreements.

Mayor DePiero stated that Zashin & Rich Co., LPA (hereinafter "Zashin") has a very good reputation and has done a good job on a number of matters for the City of Parma. He stated that he was of the understanding that the District negotiated labor contracts with a law firm one year ago.

Executive Director Ciaccia affirmed and explained that two years of that agreement were retroactive. He hopes to "get ahead of the game" and engage them earlier for the next cycle of collective bargaining. Executive Director Ciaccia advised that unlike most governmental agencies, about 330 of the District's 650 employees are non-union. Most of the union employees are AFSCME members and he expressed a desire to "not get bogged down" with prolonged negotiations. Executive Director Ciaccia indicated the matter will be discussed with John Dileno, a member of Zashin, who was in attendance.

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MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution No. 44-11. After discussion and without objection, the motion carried unanimously.

Add On – Authorization to Ratify Contract

Resolution No. 46-11

Ratify an emergency contract with Great Lakes Construction Company for the emergency repair of one of the two 6-inch thermally conditioned thickened sludge lines at the Southerly Wastewater Treatment Plant. Cost: \$35,000.00.

Resolution No. 47-11

Ratify an emergency contract with Marra Services, Inc. for the repair of the 16-inch force main leak at the Jennings Road pump station. Cost: \$27,500.00.

MOTION – After discussion, Mayor DePiero moved and Mr. O'Malley seconded to add and adopt Resolution Nos. 46-11 and 47-11. Without objection, the motion carried unanimously.

Executive Director Ciaccia apologized for the inclusion of the two add-on resolutions and advised that while he tries to limit them, two emergency situations emerged that required immediate attention.

Executive Director Ciaccia stated that he thinks we have done a good job limiting emergency contracts -- and limiting them to the scope of the emergency itself -- but there are still issues relating to the Bylaws that need to be addressed.

Executive Director Ciaccia explained that Resolution No. 46-11 is an emergency contract for the repair of a 6-inch thermally conditioned thickened sludge line at Southerly. This line takes sludge to our incinerators. Great Lakes Construction Company estimated the work for \$35,000 but performed it for \$23,290.97.

Resolution No. 47-11 is a contract for emergency work on the 16-inch force main at the Jennings Road pump station. Executive Director Ciaccia advised that this work was performed by Marra Services, Inc. with a not-to-exceed amount of \$27,500; however, the work was completed for \$18,865.41.

Executive Director Ciaccia stated that he would appreciate approval of the two resolutions so the contractors may be paid for this work.

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VI. Public Session (any subject matter)

Executive Director Ciaccia informed the Board that one person registered to speak and inquired if it wished to hear his comments before adjourning to Executive Session. Mr. Brown inquired if the registrant wished to speak regarding a specific agenda item wherein Executive Director Ciaccia advised that the registrant requested to speak regarding an unidentified topic. Mr. Brown stated that the Board would hear the registrant before Executive Session.

Executive Director Ciaccia informed the Board that Emanuele Diligente has registered to speak.

Mr. Diligente stated that he lives in Brecksville, Ohio and owns a small party center in Cuyahoga Heights on East 71st Street that has been in operation for over 30 years -- eight of which he has been the owner.

Mr. Diligente advised that on January 3, 2011, an investigation was made into the Hillside Party Center by Stanley Lojek, owner of Harvard Refuse and a "friend of Mayor Bacci."

Mr. Diligente stated that Mr. Lojek alleged that raw sewage was present at the rear of his property, which goes down towards Mill Creek. Mr. Diligente advised that he made phone calls to the Village of Cuyahoga Heights (hereinafter "Cuyahoga Heights") City Engineer, Paul Dey, the District and the EPA. He indicated he "told them what Mr. Lojek said in front of Mayor Bacci."

Mr. Diligente stated that "they attempted to tell me that they would like to come inside of the building" and test the line to see if the allegations were true. He indicated he told the District he did not object if they came inside his building but he would like Mr. Lojek and Mayor Bacci to tell him how they know his business has raw sewage going down to Mill Creek.

Mr. Diligente stated that Mayor Bacci "said that he doesn't pay a sewer bill." He continued to state that he believes all citizens in Cuyahoga Heights do not pay a sewer bill. Mr. Diligente asked why Mayor Bacci has a seat on the Board and can make decisions regarding Cuyahoga Heights taxpayers when he does not pay his sewer bill.

Mr. Diligente stated that Mr. Lojek's allegation should be investigated and Mayor Bacci should be removed from his position if it is true. He does not object to someone coming to fix the line in his building.

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Mr. Brown thanked Mr. Diligente for his comments and deferred to Executive Director Ciaccia. He stated that there is a record of the issue at the address Mr. Diligente provided, and that the issue of whether illicit discharges are present or not is subject to the District's code of operations as well as the local municipality. Mr. Brown advised that this is an issue the District could investigate.

Executive Director Ciaccia stated that staff is aware of the issue and he will speak with Mr. Diligente. He advised that Cuyahoga Heights does pay the District for sewer bills in aggregate; the residents pay Cuyahoga Heights, and it pays the District.

VII. Executive Session

A roll call vote was taken on the motion to adjourn into Executive Session to discuss legal matters related to Gary Starr v. Northeast Ohio Regional Sewer District Board of Trustees, et al. The motion carried with one abstention by Mayor Starr.

The Board met in Executive Session from 1:05 p.m. to 2:02 p.m.

Authorization to Adopt Ad Hoc Committee on Ethics Charter

Resolution No. 45-11

Adopt the Ad Hoc Committee on Ethics Charter.

Mr. Brown stated that after careful consideration, based on information provided by counsel the Board has decided to place this item on hold until the next Board Meeting.

VIII. Information Items

1. 2011 Budget Overview.

Ms. Demmerle stated that she wanted to talk about the proposed 2011 budget, provide an overview of the Operating Capital Budget, the proposed debt service and summarize how 2010 ended.

Ms. Demmerle advised that the District maintains four financial benchmarks: operate within the rate study parameters; operate within budget; meet the debt service coverage; and meet the required reserve levels.

The District was "well within our rate study projections" for 2010 because we budgeted less than the rate study. In recent years the budget was adjusted during the year to accommodate economic conditions. Ms. Demmerle indicated that we are within the rate study parameters for both 2010 and 2011.

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Ms. Demmerle advised that 2010 revenues were slightly under projections due to the uncollectible rate increasing from 3% to 5%. Another contributing factor is that consumption decreased 7.6% in 2010, while only a 6% decrease was projected.

Operating expenses for 2010 were under budget by about \$6 million. Ms. Demmerle advised that while all expenses are not yet in, she anticipates staying within budget, as the District has been historically.

Seventy-six percent (76%) of the Capital Expenditures budget has been spent -- primarily due to timing issues and certain projects were delayed into 2011.

Ms. Demmerle stated that the debt service was also under budget because some loans were closed early this year for less than the original amount requested.

Ninety-nine percent (99%) of the \$162 million operating revenue is generated from user charges, with approximately 91% coming from billing agents.

Ms. Demmerle explained that salaries, benefits, and utilities comprise 67% of the District budget -- as it has been historically -- with operations making up 50%.

The cash balance at the end of 2010 was \$513 million due to the November issuance of a bond of \$337 million.

Ms. Demmerle reiterated that a key financial benchmark is debt service coverage. The District met both its goals; net revenue available for debt service exceeded the debt service on bonds by 442% and exceeded the debt service on all District debt -- which consists of loans and bonds -- by 112%.

The Board adopted a reserve policy in 2009 establishing certain reserves. Ms. Demmerle explained that in 2010 we met our 90-day operating reserve level. We anticipated transferring \$3 million into the rate stabilization account; however, because of the revenue shortfall we were unable to do so and still maintain strong debt service coverage.

Ms. Demmerle advised that \$136 million was spent on capital projects in 2010 -- 45% of which was for plant improvements and the Renewable Energy Facility (REF). Thirty-eight percent (38%) of capital expenditures were spent on the CSO program, including construction of the Lee Road Relief Sewer (LRRS), the Dugway East Interceptor Relief Sewer, the design for Euclid Creek Tunnel (ECT) and construction for the East Bank Flats.

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Ms. Demmerle stated that the 2011 budget is "well within our rate study parameters." She explained that revenue and operating expenses were adjusted due to economic conditions and an increase in uncollectibles. She advised that we are projected a flat budget for revenue in 2011 compared to 2010; the uncollectible rate was adjusted in mid-2010.

Ms. Demmerle advised that the 2011 operating expenses budget will be 1.6% lower than 2010. Capital expenditures are budgeting about \$228 million because of 2010 awards and some of the projects we are anticipating in 2011.

Ms. Demmerle stated that debt service expenditures will remain the same for the next couple years even though a bond was issued in November 2010. She explained that on the bond issue we capitalized interest and deferred principal.

District staffing has been consistent for three years and is intended to remain at 2010 levels. As of February 11, 2011, there were 616 positions filled.

Ms. Demmerle stated that 2011 budget revenue is allocated in the same manner as previous years, with 99% of operating revenue generated from user fees. We are projecting a 4% increase over last year's actual. Even with the 9% rate increase, consumption is estimated to decrease by 6% for Cleveland and by 2% to 3% for the suburbs.

\$106 million has been budgeted for operating expenses, which represents a 4.5% increase over 2010. A 2% wage increase was allocated for all staff this year -- which currently has only been approved for union employees. Ms. Demmerle advised that all staff is budgeted at 2,080 hours, knowing savings will be realized as some employees will be on disability.

Fifty-two percent (52%) of the \$227 million budgeted for the Capital Improvement Plan (hereinafter "CIP") is going towards plant improvement projects and 28% towards the CSO program. The funding for that will come from the continued use of loans, the balance in the capital fund and the 2010 bond issue.

Ms. Demmerle advised that 40 projects are expected to be awarded in 2011 with an estimated value of \$205 million -- \$155 million of which will be for construction. She explained that the District has historically spent about \$87 million annually on the CIP; however, over \$275 million in projects were awarded in 2009 and \$277 million in 2010. Beginning in 2010 "we are seeing the cash flow effects from all these projects and will continue to see that effect."

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Ms. Demmerle advised that we anticipate spending approximately \$1.3 billion over the next six years and some of the major projects have already begun.

The bulk of 2011 spending will be for the WWTBs and the REF project. The expenditures in 2012 and 2013 include the ECT and Tunnel Dewatering Pump Station (hereinafter "TDPS") which begin construction this year.

The Dugway West Interceptor Relief Sewer, the Dugway Storage Tunnel (DST) and the Easterly Secondary Capacity Improvement project will commence in 2014.

Ms. Demmerle advised that projects that have not begun will emerge in 2016. She stated that Kellie Rotunno, Director of Engineering & Construction, could provide further explanation of CS002. The bulk of the CIP projects over the next five years are in design and starting construction.

The District's debt service is based on the size of the CIP and cash flows. Due to the size of cash flows over the next five years, Ms. Demmerle advised that we are considering going back to the bond market in 2013 and anticipate doing so in 2016. The debt service will increase over the next few years. She advised that the debt service will be almost halved from 2010 because much of the debt was structured by capitalizing interest and deferring principal in order to keep the impact on the rates low.

Ms. Demmerle explained that the coverage will dip in 2013 and 2016 when we begin paying interest. "Even with that, we are above our target of 125%." District staff continues to use the loan program for coverage of its debt -- about \$35 million in the next five years -- and is slightly hovering above the goal of 105%. These are based on the proposed rate increases the Board will see during its March 17th meeting.

In summary, Ms. Demmerle advised that the financial benchmarks were met in 2010. The 2011 budget is under the rate study parameters and we will continue to meet our debt service coverage and required reserves. She explained that the next steps are to hold the Finance Committee meeting on March 1st to discuss the budget in greater detail and present the entire budget to the Board for approval on March 17, 2011. She noted that a 10-year long-term financial plan has been developed this year which will be incorporated into the annual budget. She inquired if the Board had any questions.

Mr. Brown inquired how much of the District's funding comes from the loan program going forward. Ms. Demmerle replied that the figure would be about \$35 million per year.

Mr. Brown stated that his question was prompted because some of the funding comes from the federal government to the state. He wondered what the District's strategy

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should be given what is happening in Washington on vocalizing the necessity of funding to deal with the regulatory requirements. He would not want to be given additional unfunded mandates.

Executive Director Ciaccia stated that Mr. Brown made a good point and noted that the President's Fiscal Year 2012 budget proposes decreasing the Clean Water SRF from \$2.1 billion to \$1.5 billion – a cut of \$600 million -- which will trickle down to the states resulting in less money available for distribution. He stated that this budget cut has been proposed before Congress.

Ms. Kelly inquired as to the impact of \$3 million not being transferred into the rate stabilization account. Ms. Demmerle advised that the impact of not transferring the money was relatively small. The reserve policy stipulates funding up to 5% of District revenues; that has been incorporated into the rate model and the account will gradually build up to that 5% figure. She did not anticipate additional funding for the account in 2011 but advised that we are endeavoring to fund that reserve for the years beyond the next rate period.

Executive Director Ciaccia advised that the reserve account currently has a balance of \$3 million but we will not add more this year because revenues are down. He explained that this reserve allows meeting coverages from an accounting standpoint; money could be reallocated and count as revenue towards the equation that determines debt service coverage. He stated “if you’re close and having problems with that, you may want to have that money” available.

Executive Director Ciaccia advised that he does not think this issue will have a major effect in 2011. He advised “we think it’s going to be tight meeting our debt service coverage, but we think we’re well in a position to manage it.” He wants to fund the reserve account going forward because it will help keep rate increases down. That money could be utilized as revenue if it was needed for debt service coverage.

Mr. Sulik advised that the Finance Committee will meet at 9:00 a.m. on March 1st. Mr. Brown indicated he would be in attendance.

2. Executive Director’s One Year Performance Goals for 2011.

Executive Director Ciaccia advised that the last item was his 2011 performance goals, which he explained are consistent with the District’s 5-year strategic plan. He asked the Board to review them and advise if they have comments or additions.

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IX. Open Session

There were no items for discussion.

X. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mr. O'Malley seconded the motion to adjourn at 2:24 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