

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES
APRIL 19, 2007

The meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:30 P.M. on the above date by Acting President Kelly.

A. Roll Call

PRESENT: D. Brown
D. DePiero
S. Kelly
T. Longo
G. Starr

ABSENT: A. Liberatore
R. Sulik

The Secretary informed the Acting President a quorum was in attendance. Executive Director Odeal stated Mr. Liberatore and Mr. Sulik had previous business commitments and were unable to attend today's meeting.

B. Executive Session

Moved by Mr. Brown and seconded by Mayor Longo that the Board meet in Executive Session to discuss one personnel matter, one litigation matter and one real estate matter. Without objection CARRIED UNANIMOUSLY. Thereafter the Board met in Executive Session from 12:33 P.M. until 1:13 P.M.

C. Working Session

Acting President Kelly requested a moment of silence for the students of Virginia Tech and in recognition of this being the anniversary date of the 1995 bombing of the Murrah Federal Building in Oklahoma City.

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The Secretary reported that the Board met in Working Session on this date beginning at 1:15 P.M. The Board discussed in detail the items on the Working Session agenda. See the Working Session Summary for the April 19, 2007 Board of Trustees meeting (Attachment "1"). The Working Session adjourned at 2:31 P.M., and the Business Session began at 2:32 P.M.

D. Approval of Minutes

Item 1 - April 5, 2007

Mayor Starr stated his objection as he believed several items were missing and inaccurate in the Working Session Summary.

Moved by Mr. Brown and seconded by Mayor Longo that the Minutes of April 5, 2007, be approved as circulated. Acting President Kelly requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo. NAYS: Starr. ABSTENTIONS: None. MINUTES APPROVED.

E. Major Projects

1. Southerly Improvement Program

Item a - Authorizing and approving Southerly Contract IR-12 Change Order No. 12, Northeast Ohio Regional Sewer District Contract No. 3224. Cost: None; Time Extension.

Executive Director Odeal indicated it is necessary to extend the contract completion date by 307 consecutive calendar days from November 8, 2006 to September 10, 2007. Approval of this change order has been recommended by the District's staff.

Mayor Starr noted his objection to this change order as the incinerator project work is above ground and the total contract price is 26.9% over the original contract award.

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MOTION - Moved by Mr. Brown and seconded by Mayor Longo that the resolution be adopted. Acting President Kelly requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo. NAYS: Starr. ABSTENTIONS: None. RESOLUTION PASSED. Resolution No. 92-07.

Item b - Awarding a contract to Kokosing Construction Co., Inc., 6235 Westerville Road, Suite 200, Westerville, Ohio 43081, for the Southerly Wastewater Treatment Plant Second Stager Aeration Tank Rehabilitation - Contract ATR-2.

Executive Director Odeal requested that this resolution be withdrawn. Without objection SO ORDERED.

2. Easterly Improvement Program

Item a - Authorizing and approving Easterly District Interceptors Relining and Replacement Contract EDIRARC Change Order No. 4, Northeast Ohio Regional Sewer District Contract No. 3238. Cost: An increase in the total contract price in an amount of \$205,000.00.

Executive Director Odeal stated due to differing site conditions encountered in the sewer reach along the Easterly Interceptor East 79th Street Branch between manholes EAB0120 and EAB0115, it is necessary to increase Bid Item No. 23 by \$205,000.00 to provide for customized liner pipe sections, installation of mitered pieces and additional annulus grout material.

Approval of this change order has been recommended by the District's staff and by Brown and Caldwell Associates Ohio, Inc., the consulting engineer.

MOTION - Moved by Mr. Brown and seconded by Mayor Longo that the resolution be adopted. Without objection CARRIED UNANIMOUSLY. Resolution No. 93-07.

3. Intercommunity Relief Sewers Improvement Program

Item a - Authorizing and approving East 90th Street Relief Sewer Contract MCSO-4 Change Order No. 11, Northeast Ohio Regional Sewer District Contract No. 3195. Cost: An increase in the total contract price in an amount of \$67,193.00.

Executive Director Odeal explained due to several differing site conditions and the resulting extension of the project completion date the contractor incurred an additional premium to extend its blasting insurance policy. Approval of this change order has been recommended by the District's staff and by MWH Americas, Inc., the consulting engineer.

Mayor Starr noted his objection to this change order as the total contract price is 27.4% over the original contract award.

MOTION - Moved by Mayor Longo and seconded by Mr. Brown that the resolution be adopted. Acting President Kelly requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo. NAYS: Starr. ABSTENTIONS: None. RESOLUTION PASSED. Resolution No. 94-07.

Item b - Authorizing and approving Lee Road-Superior Road Intercommunity Relief Sewer Change Order No. 31, Northeast Ohio Regional Sewer District Contract No. 3009. Cost: A decrease in the total contract price in an amount of \$571,962.40.

Executive Director Odeal noted Bid Item Nos. 23, 24, 25, 26, 28, 29, 30, 31.1, 31.2, 31.3, 31.4, 32, 51, 52, 53, 54 and Change Order Nos. 1 and 27 were either partially or totally non-performed, thereby entitling the District to a credit. Approval of this change order has been recommended by the District's staff and by DLZ Ohio, Inc., the consulting engineer.

MOTION - Moved by Mayor Longo and seconded by Mr. Brown that the resolution be adopted. Without objection CARRIED UNANIMOUSLY. Resolution No. 95-07.

F. Operations

Executive Director Odeal suggested the next five (5) resolutions be considered together. Without objection SO ORDERED.

Item 1 - Authorizing the direct purchase without competitive bidding, on an as-needed basis, of Fairbanks Morse replacement pump parts for use at the Southerly and Westerly Wastewater Treatment Plants and the Cranwood, Jennings Road, Division Avenue and Dille Avenue pump stations from Tri-State Pump Systems, 10300 Second Street, Hanoverton, Ohio 44423. Cost: Not to exceed \$100,000.00.

Executive Director Odeal indicated it is necessary to purchase, on an as-needed basis, Fairbanks Morse replacement pump parts for use at the Southerly and Westerly Wastewater Treatment Plants and the pump stations from Tri-State Pump Systems, the sole supplier.

Item 2 - Authorizing the direct purchase without competitive bidding, on an as-needed basis, of replacement parts for the Moyno pipeliners, Maz-o-rators, pinch valves and sleeves at the Southerly and Westerly Wastewater Treatment Plants from Schultz Fluid Handling Equipment, 13232 Enterprise Avenue, Cleveland, Ohio 44135. Cost: Not to exceed \$75,000.00.

Executive Director Odeal stated it is necessary to purchase, on an as-needed basis, replacement parts for the Moyno pipeliners, Maz-o-rators, pinch valves and sleeves at the Southerly and Westerly Wastewater Treatment Plants from Schultz Fluid Handling Equipment, the sole supplier.

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Item 3 - Awarding a contract to Smith & Schaefer, Inc., 3035 Reading Road, Cincinnati, Ohio 45206, for the purchase of one (1) new laboratory sterilizer for use by the Analytical Services Department. Cost: \$52,279.08.

Executive Director Odeal explained bids were received and opened on April 3, 2007. Three (3) invitations to bid were distributed and two (2) bid packages were returned. Upon evaluation by the Operations Department it was determined the bid submitted by Smith & Schaefer, Inc., was the lowest, responsive, responsible bid to meet specifications. The Legal Department has determined the bid meets all legal requirements and the District's Equal Employment Opportunity Policy, Guidelines and Procedures.

Item 4 - Emergency resolution ratifying and approving emergency in-progress design services in conjunction with the Westerly Low Level Sewer Repair Project and authorizing the seventh partial payment for services expended in said emergency to NTH Consultant, Ltd., 820 W. Superior Avenue, Suite 320, Cleveland, Ohio 44113. Cost: \$73,818.14.

Executive Director Odeal noted an emergency existed in that it was necessary to immediately provide for emergency in-progress design services in conjunction with the Westerly Low Level Sewer Repair Project. NTH Consultant, Ltd., has performed the necessary services with a portion of the cost being \$73,818.14.

Item 5 - Emergency resolution ratifying and approving the emergency in-progress design, construction administration and resident engineering services in conjunction with the Mill Creek Interceptor Project (MCI) and authorizing a third partial payment for services expended in said emergency to Wade-Trim, Inc., 1100 Superior Avenue East, Suite 1410, Cleveland, Ohio 44114.

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Cost: \$47,844.69.

Executive Director Odeal indicated an emergency existed in that it was necessary to immediately provide for emergency in-progress design, construction administration and resident engineering services in conjunction with the Mill Creek Interceptor (MCI) project. Wade-Trim, Inc., has performed the necessary services with a portion of the cost being \$47,844.69.

MOTION - Moved by Mr. Brown and seconded by Mayor Longo that the foregoing five (5) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 96-07 through 100-07, respectively.

G. Administration

Executive Director Odeal suggested the next six (6) resolutions be considered together. Without objection SO ORDERED.

Item 1 - Adopting the recommendation of the Executive Director regarding the application for Billing Errors/Adjustments of Cuyahoga County Library, 7335 Ridge Road, Parma, Ohio 44134, Account Number 60-380-428-007. Abate: \$1,297.48.

Item 2 - Adopting the recommendation of the Executive Director regarding the application for a Sewer Service Charge Based on Usage of the System for Cleveland Black Oxide, 836 Broadway Avenue, Cleveland, Ohio 44115, Account Number 01-376-105-001.

Executive Director Odeal stated he has reviewed said applications, has determined they meet the requirements of the Sewer Use Code, and recommends their acceptance.

Item 3 - Rescinding Resolution No. 565-96, adopted on December 19, 1996, as Artic Ice, Account No. 55-376-876-003, is no longer eligible for a Sewer Service Charge Based on Usage

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of the System.

Executive Director Odeal explained Artic Ice closed its business and no longer meets the requirements of Chapter 8 of the Sewer Use Code for a Sewer Service Charge Based on Usage of the System.

Item 4 - Rescinding Resolution No. 288-94, adopted on July 15, 1994, as Gateway Cold Storage, Account No. 01-376-158-000, is no longer eligible for a Sewer Service Charge Based on Usage of the System.

Executive Director Odeal noted Gateway Cold Storage has decided to cease operations at this location and no longer meets the requirements of Chapter 8 of the Sewer Use Code for a Sewer Service Charge Based on Usage of the System.

Item 5 - Rescinding Resolution No. 273-84, adopted on July 26, 1984, as General Chemical, Account No. 55-378-435-006, is no longer eligible for a Sewer Service Charge Based on Usage of the System.

Executive Director Odeal indicated General Chemical has ceased operations at this location and no longer meets the requirements of Chapter 8 of the Sewer Use Code for a Sewer Service Charge Based on Usage of the System.

Item 6 - Rescinding Resolution No. 205-03, adopted on July 17, 2003, as Cleveland Cuyahoga County Port Authority, Account No. 01-483-653-000, is no longer eligible for a Sewer Service Charge Based on Usage of the System.

Executive Director Odeal stated the Cleveland Cuyahoga County Port Authority has been pumping lake water to use for irrigation since 2006 and no longer meets the requirements of

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Chapter 8 of the Sewer Use Code for a Sewer Service Charge Based on Usage of the System.

MOTION - Moved by Mayor Longo and seconded by Mayor Starr that the foregoing six (6) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 101-07 through 106-07, respectively.

Item 7 - Adopting an Interest Rate Swap Policy for the Northeast Ohio Regional Sewer District.

Executive Director Odeal explained the District desires to adopt an interest rate swap program and the parameters under which it will operate to provide an effective tool for managing interest rate risk and lowering borrowing costs as part of bond refunding, in new money transactions and to mitigate interest rate fluctuations and risk to be applied consistently with the Debt Management Policy of the District.

Mayor Starr noted his objection as there is a potential loss of money that is not guaranteed by the underwriters of Goldman, Sachs & Company, Morgan Stanley, SKB-Brooks Investment Corporation, Seasongood & Mayer, LLC, and KeyBank Capital Markets and that he finds it odd that the underwriters are recommending this but they cannot guarantee a loss of money and risk. Mayor Starr continued that the benefit does not outweigh the risk in terms of hedging techniques, derivatives, and other stock market arrangements.

MOTION - Moved by Mr. Brown and seconded by Mayor Longo that the resolution be adopted. Acting President Kelly requested a roll call vote. Roll Call Vote: YEAS: Brown, DePiero, Kelly, Longo. NAYS: Starr. ABSTENTIONS: None. RESOLUTION PASSED. Resolution No. 107-07.

Executive Director Odeal suggested the next three (3) items be considered together.

Without objection SO ORDERED.

Item 8 - Ratifying and approving the Executive Director to enter into an agreement with McLemore Consulting Associates, Inc., 24980 Bryden Road, Beachwood, Ohio 44122, to provide professional strategic support, development and implementation of District strategic initiatives and management transitions and leadership succession. Cost: Not to exceed \$114,000.00.

Executive Director Odeal noted it is necessary to provide for professional strategic support, development, and implementation of District strategic initiatives and management transitions for leadership succession.

Item 9 - Authorizing and approving the Executive Director to enter into an agreement with Sondra Smalley, 5225 Grandview Square #112, Edina, Minnesota 55436, to provide professional strategic management consulting services and for establishing and managing the formation of a District upper and middle management development system. Cost: Not to exceed \$140,000.00.

Executive Director Odeal indicated it is necessary to provide for professional strategic management consulting services and for establishing and managing the formation of a District upper and middle management development system.

Item 10 - Ratifying and approving the Executive Director to enter into an agreement with Organizational Effectiveness Strategies, Inc., 6909 Royalton Road, Suite 302, Brecksville, Ohio 44141, to provide professional strategic consulting services in association with District

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Leadership Development and Succession Planning. Cost: Not to exceed \$93,750.00.

Executive Director Odeal stated it is necessary to provide professional strategic consulting services in association with District Leadership Development and Succession Planning.

MOTION - Moved by Mr. Brown and seconded by Mayor Longo that the foregoing three (3) resolutions be adopted. Without objection CARRIED UNANIMOUSLY. Resolution Nos. 108-07 through 110-07, respectively.

Stated business having been concluded, Acting President Kelly adjourned the Business Meeting at 2:50 P.M. The next Regular Meeting is scheduled for May 3, 2007, with the Business Session beginning at 12:30 P.M.

Signature on File

Thomas J. Longo, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District

Signature on File

Sheila J. Kelly, Acting President
Board of Trustees
Northeast Ohio Regional Sewer District

ATTACHMENT "1"

**NEORSD Board of Trustees Working Session Summary
April 19, 2007**

Item 1 – Change Orders

The item was introduced by the Executive Director, Erwin Odeal.

Item E1a – Contract IR-12 – Change Order 12

The item was introduced by the District's Director of Engineering and Construction, Charles Vasulka. A time extension is requested at no cost to the District. Mayor Starr stated that this project was over budget and is an above ground project, and that he could not understand why the cost was so much higher. Mr. Odeal responded that there was no way to see what is inside the incinerators until they were taken down and cleaned, and that the incinerators were past their useful life. He continued that at 1800 degrees, no one could tell what the internal condition was until they were shut down.

Item E2a – Contract EDIRARC – Change Order 4

The item was introduced by Executive Director Odeal and presented by the District's Sewer Design Manager, Richard Switalski. Board Member Darnell Brown asked how long this particular portion of the project would take. Mr. Switalski responded that it would take about another month.

Item E3a – Contract MCSO-4 – Change Order 11

Due to the wording, Mayor Starr asked if the change order was based on the Engineering Department's or the Legal Department's recommendation. Mr. Vasulka answered that both the Engineering and Legal Department recommended the change order. The Engineering Department recommended it because the contractor legitimately required additional blasting, and the Legal Department recommended it because the contractor had a right to recover his insurance expense for the blasting under the contract.

Mayor Longo stated that this project really affected his community. Roads and intersections were shut down, and blasting was done very close to people's homes. The residents took into account the impact the project would have on sewer backups, the overflows and basement flooding. Because the residents realized the value of the work being done, the Mayor did not receive one complaint about the blasting.

Item E3b – Contract ICRS – Change Order 31

This change order is a deduct order representing the final adjustments to the unit price items and for unused contingency costs. Mayor Starr asked for an explanation. Mr. Vasulka and Mr. Switalski explained that it is typical to include additional quantities of material in tunnel contracts to anticipate unforeseen circumstances and to subsequently deduct any unused quantities at the end of a project. Mayor Starr asked whether or not this was a contingency in the contract. Mr. Switalski stated that the District did not know what materials would be required until the tunnel was mined; thus, the District specifies adequate materials of different types; what is not used is then deducted from the contract.

Item 2 – Proposed Award of Southerly Contract ATR-2: Second Stage Aeration Tank Rehabilitation to Kokosing Construction Co., Inc.

The item was withdrawn by Executive Director Odeal. Mayor Starr questioned the reason for the withdrawal. Mr. Odeal stated that additional evaluation was necessary.

Item 3 – Proposed Progress Payment No. 7 to NTH Consultants, Inc. for emergency design services relative to the Westerly Low Level Interceptor Emergency Repair Project

The item was presented by Executive Director Odeal. There were no questions on Item 3.

Item 4 – Proposed Progress Payment No. 3 to Wade Trim for emergency design services relative to the Mill Creek Interceptor Emergency Repairs Project (MCI-ER)

The item was presented by Executive Director Odeal. Board Member Sheila Kelly asked for the anticipated completion date of the emergency work. Mr. Switalski responded in his opinion it would be twelve to eighteen months. Mayor Starr asked where the emergency is located. Mr. Switalski responded that it was in Cuyahoga Heights, in the East 71st Street, Grant Avenue, I-77 area. Mayor Starr asked the District's General Counsel if the Legal Department knows what caused this. Mr. Schatz responded the Legal Department was reviewing the matter, and a report would be presented in a future Executive Session.

Item 5 – Sewer Use Code Matters

The item was presented by Executive Director Odeal. There were no questions on Item 5.

Item 6 – Proposed adoption of a Formal Interest Rate Swap Policy for the Northeast Ohio Regional Sewer District

The item was introduced by Executive Director Odeal and presented by the District's Acting Director of Finance, Jennifer Demmerle. Board Member Sheila Kelly asked at what point the District becomes committed to an interest rate swap. Ms. Demmerle responded the District becomes committed at the time of pricing.

Board Member Darnell Brown and Mayor Longo commended the District's Finance Department for finding a financial tool that positions the District to take advantage of opportunities when they present themselves to best service the ratepayers. Mayor Starr pointed out that interest rate swaps have financial risks. Mr. David Goodman, bond counsel, was introduced and discussed the Policy. He explained that there was risk in any transaction, but that this was a valuable tool and a very safe financing technique. Mayor Starr took issue, and stated that the use of such instruments would place the District in the position it could lose ratepayers' dollars.

Item 7 – Proposed Agreements for Strategic Consulting for Phase II of the Leadership Sustainability Program

The item was introduced by Executive Director Odeal and presented by the District's Strategic Consultant, Sondra Smalley. There were no questions on Item 7.

Item 8 – Report on Westerly Low Level Interceptor Long-Term & Short Term Options

The item was introduced by Executive Director Odeal and presented by Mr. Switalski. Mayor Starr asked how the construction contractors were selected. Mr. Vasulka responded that the construction contractor, Triad, was taken from the large contractor emergency list, which is created through a competitive evaluation program. Contractors on this list are selected in rotation. The construction consultant NTH was selected because it has extensive specialized experience in slope failures.

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Item 9 – Report on Engineering Design Services: Rehabilitation of Automated Regulators – Contract RAR-5

The item was presented by Executive Director Odeal. There were no questions on Item 9.

Item 10 – Report on Consultant Selection for Design of the Cuyahoga Valley Interceptor Lift Station Improvements; Contract LS-3

The item was presented by Executive Director Odeal. There were no questions on Item 10.

Item 11 – Report on E. 49th Street Storm Sewer Extension, Wetland Mitigation and Additional Costs

The item was presented by Executive Director Odeal. Board Member Darnell Brown asked for clarification on wetland mitigation. He stated that he would like to have a discussion with staff regarding two locations in the City of Cleveland. Executive Director Odeal stated that the staff would be available for such discussion.

Item 12 – Report on Scheduled Write Off of Inactive Receivables

The item was introduced by Executive Director Odeal and presented by Ms. Demmerle. Mayor DePiero asked how past accounts receivable were collected. Ms. Demmerle responded that we certify the accounts to the County and that the County collects them with taxes.

Item 13 – Report on Write Off of Landbank Accounts

The item was introduced by Executive Director Odeal and presented by Ms. Demmerle. There were no questions on Item 13.