

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
AUGUST 15, 2013

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:40 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
S. Kelly
J. Bacci
T. DeGeeter
G. Starr

ABSENT: W. O'Malley

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

II. Approval of Minutes

MOTION – Mr. Sulik moved and Mayor Bacci seconded that the minutes of the August 1, 2013 Board meeting be approved. Without objection, the motion carried unanimously.

III. Public Session

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

IV. Executive Director's Report

Executive Director Ciaccia moved to the first report item and he advised that Mayor Jackson convened a group of organizations that entered into a Memorandum of Understanding (hereinafter "MOU") as it pertains to Community Benefits Agreements. Developers will enter into such agreements when performing projects within the City of Cleveland for the purpose of creating opportunities for disadvantaged contractors and citizens. Executive Director Ciaccia noted that this Board passed a resolution supporting the idea but indicated that the District will not sign Community Benefits Agreements for the reason that they are designed for developers.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 2 of 17

Executive Director Ciaccia advised that the MOU signatories were divided into subcommittees. The District participates in the owners subcommittee. Executive Director Ciaccia and Director of Administrative and External Affairs, Constance Haqq, attended a meeting last week at University Hospitals (hereinafter "UH") in which there were good discussions held regarding the expectations of some of the participants. UH and the Cleveland Clinic participate in developments and may possibly enter into Community Benefits Agreements. Developer Fred Geiss attended the meeting and he provided useful information to the group.

Executive Director Ciaccia noted that the District is working collaboratively with Dominion Gas since both are underground utilities which support developments within the community. They are planning to engage in joint efforts in the future.

Executive Director Ciaccia noted that the Dugway sewer project will be bid soon. This project is estimated to be more than \$60 million and will impact Glenville community. In an effort to remain proactive with the employment and subcontracting opportunities, District staff met with representatives from Local 860 including Anthony Liberatore and members involved with the apprentice program staff. Also present at said meeting were Natoya Walker from the City of Cleveland and Tony Panzica from the Construction Employers Association.

Executive Director Ciaccia advised that the District completed a workforce demand study conducted by Cleveland State University (hereinafter "CSU"), which will project the District's Capital Program workforce demand. Those results will be presented to the Board at an upcoming meeting. Executive Director Ciaccia advised that the preponderance of our labor will be Local 860 heavy highway laborers and the operating engineers. There will be little from the other trades that the District will be employing over the next 20 years.

Executive Director Ciaccia advised that Ms. Haqq and her staff have met with representatives of the Officer Training Committee of Ohio which is teamed up with Coach Ginn of the Ginn Academy and Glenville High School. The District plans to work closely with both institutions in an effort to create more opportunities. The District is also examining its internal hiring processes and considering the development of an apprentice program.

Executive Director Ciaccia noted that the District is working with the Cleveland Job Corps to identify opportunities for ancillary employment to the Dugway project.

Executive Director Ciaccia stated that although the District is not signing a Community Benefits Agreement, there are many elements this organization is involved with.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 3 of 17

Executive Director Ciaccia noted that there was some confusion amongst the parties with respect to the participants' roles and he commended Mr. Geiss for attending the owners meeting and providing very forthcoming comments.

Executive Director Ciaccia moved to the next report item and he advised that the District held a meeting at the Glenville Recreation Center last week. The meeting was very well attended and three council members were present. The District made a presentation about its Dugway project, in which bids will open next Tuesday, August 20th.

Executive Director Ciaccia moved to the next report item and he stated that the District held a meeting in Cleveland Ward 10 in the Collinwood area concerning the flooding which occurred during a recent storm. There was significant flood damage on much of the east side including Lake County and Richmond Heights. These communities were inundated with water that typically occurs during a 500-year storm. Representatives from the City of Cleveland were also present at said meeting.

Fortunately, the District was in the position to share with the meeting attendees some of its projects including the Euclid Creek Tunnel (hereinafter "ECT"), Easterly Tunnel Dewatering Pump Station (hereinafter "ETDPS"), and Lakeshore Boulevard Relief Sewer. Although those projects will not help with immediate remediation of the flooding issues, they will help mitigate future flooding.

Executive Director Ciaccia advised that the District is taking on Euclid Creek maintenance, which also contributes to flooding in that neighborhood and the District has already removed some debris from Euclid Creek as part of its Stormwater Management Program (hereinafter "SMP").

Many of the meeting attendees suffered a lot of damage to their properties. The City's waste collection division was very busy the days following the storm. An individual from the City spoke about emergency management funding and it was evident that there was a huge gap as it relates to emergency management at a local level. None of these individuals will qualify for federal or state funding. They simply will not meet the stringent criteria in order to qualify for funding. Executive Director Ciaccia noted that many property owners have significant deductibles for their homeowner's insurance.

Executive Director Ciaccia indicated that he is supportive of an emergency management fund at the local level and he suggested that this matter be explored further with Cuyahoga County since the likelihood of 500- or 100-year storms will occur around every 10 years due to climate change. The District's sewers were designed to handle only 5- and 10-year storms and, therefore, this will be an increasingly ongoing problem. Executive Director Ciaccia stated that it would be cost prohibitive for the District or any

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 4 of 17

city to redesign its existing systems and he encouraged a higher level of discussion on this issue with the Board

Mr. Brown stated that this region has many urban streams and has suffered many implications from wet-weather events. The typical design for residential areas can accommodate 5- or 10-year storms. The recent storm, however, was certainly more than a 100-year storm and regardless of what types of infrastructure the District puts in place, flooding will occur under those circumstances.

Mr. Brown indicated that one of the major challenges facing someone affected by significant basement flooding is the riders some of them carry for loss and often times the deductible may be one thousand dollars. Furthermore, there are significant costs associated with sanitization and clean up.

Mr. Brown stated that it is imperative that we learn more about the rainfall patterns. 100-year storms are occurring more frequently, sometimes several times a year. The District must establish its role as to whether it plans to educate the public on climate change while also developing a plan as it relates to managing these types of wet-weather events. There are many areas throughout the region that are more susceptible to flooding and he agreed that it is important to initiate dialogue and take the lead on discussions involving planning among the member communities and their responses to significant wet-weather events.

Ms. Kelly inquired as to the expectation of the community in terms of mitigating relief especially for senior citizens in response to those types of storms. Executive Director Ciaccia speculated that the residents would prefer flooding to be mitigated altogether and if necessary have the proper homeowner's insurance.

According to Mr. Brown, Glenn Moore who oversees the Emergency Operations Center for the City of Cleveland explained that if a community has at least 25 structures that had at least 40% damage to the physical structure qualifies for some disaster relief at the federal or state level. This is a significant minimum threshold leaving most residents exposed and responsible for handling the issues directly as they occur.

Mr. Brown summarized discussion to include that the District will facilitate discussions to identify strategies to protect homeowners so they can recover from these situations without being left financially devastated.

Executive Director Ciaccia stated that people who have had flooded basements know what to expect. However, this storm hammered many communities having no previous flooding experience. Entire neighborhoods were impacted and the people thought that FEMA or some other agency was going to help, but that was not the case. There are no local programs and these residents are left helpless.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 5 of 17

Ms. Kelly suggested that an emphasis be placed on help for senior citizens given the devastating health impacts that can emerge from these types of natural disasters.

Executive Director Ciaccia agreed and he advised that the District will work on its proposal and bring it to the Board, hopefully before this region is pummeled by another major storm event.

Executive Director Ciaccia moved to the next report item and he advised that County Executive Ed FitzGerald is convening a meeting at the new Convention Center on Tuesday, August 20th to develop LakeStat, which is similar to CityStat or CountyStat. According to Executive Director Ciaccia, LakeStat is a metric-driven program in which everyone can gauge progress relating to Lake Erie.

Executive Director Ciaccia, Brian Zimmerman of the Metroparks and Will Friedman of the Port Authority were appointed by County Executive FitzGerald to sit on a panel to field questions. Executive Director Ciaccia expects District-related questions to involve the wastewater treatment facilities, permitting requirements, Project Clean Lake, Combined Sewer Overflow (hereinafter "CSO") commitments and metrics involving floatables.

Executive Director Ciaccia stated that although the District is a regional entity that plays an important role with respect to the health of Lake Erie, there are municipalities within Cuyahoga County, specifically, Lakewood, Euclid, Solon, Strongsville and North Royalton that all operate individual sewage treatment plants. Those facilities also have impacts on the lake. Additionally, nutrients from the farming community jeopardize the health of the lake. Executive Director Ciaccia will bring more information to the Board LakeStat at the next Board meeting.

Mr. Brown questioned where this model was developed wherein Executive Director Ciaccia indicated that he was not sure and he understood that LakeStat is similar to CountyStat and CityStat.

Director of Watershed Programs, Frank Greenland, added that his staff discovered online a program in Maryland called BayStat, which relates to the Chesapeake Bay. The District researched this program when identifying appropriate indicators from a water quality standpoint.

Mr. Brown stated that the ability to advocate for cooperation amongst watershed groups and organizations is a principal issue and can also be beneficial to this District. Everything flows into the lake and the ability to affect regulations within various counties and municipalities as it relates to land use and phosphors should be discussed since they

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 6 of 17

will impact water quality at the source, which is the lake. This is an opportunity to get others to think beyond their own municipal boundaries and realize the impacts downstream.

Executive Director Ciaccia explained that he has 10 minutes to present at the meeting. He will field questions and then report back to the Board.

Executive Director Ciaccia moved to the next report item regarding District finances. The District is about 2% behind on its budgeted amount for revenues and has re-budgeted for revenues for the year.

Executive Director Ciaccia stated the District projected consumption to be down about 5% and that actual consumption and amount billed is currently down 8% for the first half of this year.

The District requested consumption figures from the City of Cleveland Department of Public Utilities (hereinafter "DPU") in which they provided the District with pumpage figures, which is different from the information initially requested. Nonetheless, pumpage was down 4% which was expected due to wet weather events. Executive Director Ciaccia stated that this matter will be explored further.

Executive Director Ciaccia explained that expenses are projected to be 5% under budget and that the District should meet its metrics. The budget will be balanced and the District will continue to meet its projections as it relates to rates.

Executive Director Ciaccia stated that cash is up about 8% from 2012. The DPU continues to collect on old debts. Accounts receivables are collecting at 94%, which could be a function of the billings and the collections at a given time and, therefore, could ramp up.

Executive Director Ciaccia stated that accounts over 180 days delinquent were down another \$400,000.00, now under \$20 million for the first time in a while. Accounts over 90 days delinquent were also down by \$600,000.00. Executive Director Ciaccia advised that he sent a note thanking the DPU for consistently bringing those numbers down. The District still has over 50% of its accounts over 180 days delinquent, which is high.

Executive Director Ciaccia assured that the District continues to watch its finances closely and is not overly concerned about decreases from a budgetary or rate standpoint. The District has a few more years under the current rate authorization and will continue to watch and understand the trends.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 7 of 17

Executive Director Ciaccia moved to the final report item and he advised that the last group of students were present at today's meeting. He then turned discussion over to Jennifer Dalrymple from Human Resources who managed the student programs this year.

Ms. Dalrymple stated that since January she had the pleasure of working with student assistants and co-ops. Over the past several weeks the Board heard from several students who shared their stories and excitement about their experiences at the District.

Through the summer, 71 students participated in District programs and worked in various departments throughout this organization.

Ms. Dalrymple referred to a chart which listed the various majors and areas the students are studying. There were 31 different areas of focus and each were relevant in some way to the work conducted at the District.

Ms. Dalrymple referred to a chart listing the different universities attended by the students in which the majority were located in Northeast Ohio.

Ms. Dalrymple then turned discussion over to Robert Stoerkel and Rachel Dannemiller to share their experiences with the Board.

Mr. Stoerkel is a student at CSU working as a co-op in the Watershed Department. Mr. Stoerkel expressed his appreciation to the District for the opportunity to be involved with important work which is aligned with his personal values. He indicated that this is a second career for him. His first career helped him to raise his family whereas his second career is to gain personal satisfaction.

Mr. Stoerkel stated that events in his life happened for a reason and because of the downturn in the construction industry he found himself at a crossroads. Mr. Stoerkel stated that he was proud of his work, but it was simply a job he needed. Working at the District is a job he wants. The District also provided him the opportunity to work in the field.

Mr. Stoerkel is fifth generation of his family to live in Ohio and he has a great responsibility to the sixth and seventh generations. Those generations are here now and he is driven to finding a path toward sustainability, leaving behind a great city and great lake for his children and grandchildren.

According to Mr. Stoerkel, Lake Erie is a part of his identity and he shared with the Board many unforgettable experiences from his childhood and young adult life involving the moments he shared with his comrades and wife on the shores of Lake Erie.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 8 of 17

Mr. Stoerkel advised that during his first career in the lumber yard he joined builders on a charter to catch huge walleye. From there he developed relationships with those contractors.

Mr. Stoerkel lives about one half mile from Lake Erie and he frequents the shores with his children and grandchild. He also visits the Metroparks and recommended for us all to climb waterfalls with stairways made of shale, stating that it is very thrilling and beautiful.

Mr. Stoerkel stated that working at the District does not feel as if he is biding his time. He is rather doing something important; protecting the environment. His children and grandchildren need clean water as well as jobs and the District provides an invaluable service to the residents and commerce.

Mr. Stoerkel stated that “we’re the filters in the exhaust of the economic engine of Northern Ohio. People do not work if they have cholera. People do not want to live somewhere that smells bad. Businesses cannot ship goods over flooded roads. Businesses need a way of disposing of waste. Neighborhoods are better off when stormwater is drained in an efficient manner. Job creators will not invest somewhere where their assets are not protected from water damage. The rust belt is not an attractive moniker, but without a working sewage system there are much worse adjectives available.” We do not have to be burdened with some very basic problems because we’re working to make Northeast Ohio economically viable.

Mr. Stoerkel advised that his degree is in Geographic Information System (hereinafter “GIS”). The District is a leader in GIS technology in this region. Mr. Stoerkel is working towards his degree in environmental science at CSU and the District is a leader in the application in that field of study.

Mr. Stoerkel stated that this co-op position at the District will stand out on his resume “mainly because it will be at the top” for the reason that the “District is well respected by my potential future employers” and because he wants to discuss his work here at the District.

Mr. Stoerkel stated that his work not only benefits him but also his family and friends and that he is lucky to be working at the District doing the work of his choice. Mr. Stoerkel concluded by stating that he is “truly blessed doing something that rewards my soul, work that I find important and fulfilling and for that I want to thank you.”

Ms. Dalrymple introduced Rachel Dannemiller who works in WQIS.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 9 of 17

Ms. Dannemiller stated that she works as a co-op in WQIS and that she will conclude her time here at the District tomorrow to head back to the University of Toledo to complete her senior year in bioengineering. Ms. Dannemiller wanted to express her appreciation to the District for the experience.

Ms. Dannemiller is not from this area and was not familiar with the District's operations at the time she became aware of the co-op application. She stated that "with the variety of experiences and many learning opportunities that came with being a part of WQIS, I really could not have asked for a better way to be introduced to the Sewer District."

During the summer, Ms. Dannemiller was part of the beach monitoring crew for Villa Angela, Euclid Beach and Edgewater and she advised that each day brought new experiences. Ms. Dannemiller participated in the field season which included collecting bugs, electro shocking for fish and sampling streams all to insure that water quality standards were being met. Ms. Dannemiller also assisted with enforcement investigations and many other tasks performed by the investigators.

Ms. Dannemiller was appreciative of this opportunity as well as the real world exposure she experienced at the District over the summer. She described it as a positive experience and wanted to especially thank the hard working WQIS team for being so welcoming and for the valuable lessons they provided to the students.

Ms. Dannemiller concluded by stating that "no single group could make this organization what it is to this area." She thanked the Board and District for making this an unforgettable summer.

Discussion was turned back over to Ms. Dalrymple wherein she advised that two major components are necessary for a successful program; willing students desirous of learning about the District's operations and having leaders that want to teach. This combination is instrumental for the District to reach its mission of creating a signature student program that focuses on building talent, workforce planning, meeting business needs and preparing young adults for possible positions outside of this organization.

According to Ms. Dalrymple, District supervisors and employees indicated that the work conducted by the students was outstanding and those services were needed in the efficient operation of the District.

Ms. Dalrymple explained that the students completed an online survey upon completion of their assignments. Ms. Dalrymple shared a direct quote from one of the students:

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 10 of 17

My favorite aspect of the student program during my first year was going out in the field improving and protecting streams. Mark Link and George Remias really tested my knowledge of how to solve issues such as debris, flooding and erosion, which are the three main principles of stormwater. I thank them for the summer experience and for teaching the essentials needed to prepare me for my future.

Ms. Dalrymple concluded her presentation by thanking the Board for their support of the student programs.

Mr. Brown thanked Mr. Stoerkel and Ms. Dannemiller for their heartfelt and sincere comments. The Board is provided with context for the meaning and benefit of having a very successful program by hearing these experiences. Although many agencies offer internships and programs during the summer, there is value in working in an environment connected with the field an individual is pursuing. Furthermore, those students conduct work in “a meaningful manner and are left with impressions as to how they can either participate or contribute to the success of this organization.”

Mr. Brown concluded his comments by thanking the students and program facilitators for running a great program.

V. Action Items

Authorization to Advertise

Resolution No. 198-13	One (1) year requirement contract for Biofilter Media Replacement at eight District odor control facilities. Anticipated expenditure: \$560,000.00.
-----------------------	---

Resolution No. 199-13	One (1) year requirement contract for ferric chloride solution for use at all Wastewater Treatment Plants. Anticipated expenditure: \$224,400.00.
-----------------------	---

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution Nos. 198-13 through 199-13. Without objection, the motion carried unanimously.

Authorization to Enter Into Contract

Resolution No. 200-13	Contract with Nerone & Sons, Inc. for the CSO-SSMO Bundles Package #1 project. Contract amount: \$1,180,003.00.
Resolution No. 201-13	Four (4) year contract with Montgomery Watson Americas, Inc. for the Southerly Wastewater Treatment Center Main Substation Replacement (SSR-2) project. Contract amount: \$2,322,222.00.
Resolution No. 202-13	One (1) year contract with AST Corporation for Oracle application supplemental support services. Contract amount: \$325,800.00.

MOTION – Mayor Starr moved and Mr. Sulik seconded to adopt Resolution Nos. 200-13 through 202-13. After discussion and without objection, the motion carried unanimously.

Mr. Brown requested an explanation on the disparity between the engineer's opinion of probable construction cost which was \$2.3 million and the lowest bidders' amount of \$1.2 million.

Director of Engineering and Construction, Kellie Rotunno, stated that the CSO-SSMO Bundles Package #1 is a project that spreads throughout the service area. The average of bids received was 28% below the engineer's opinion of probable construction cost. Ms. Rotunno explained that the bidders were able to account for their costs whereas our engineers more classically considered each site perhaps locally as its own and estimated the cost. There were some efficiencies that the bidders were able to consider in terms of spreading their overhead across all site locations. The low bidder in this case is a small business enterprise and is, therefore, completely a local construction contract.

Mr. Brown referred to Resolution No. 201-13 and he inquired about the estimated construction cost of the substation.

Ms. Rotunno advised that the Southerly Main Substation Replacement (SSR-2) project is estimated to be about \$10 million in construction. Included in this professional services fee is allocation analysis, which is the study that will precede and inform the design and some upfront work needs to be conducted. Additionally, included is an allowance for underground investigation to identify potential underground obstructions during the

design so those may be avoided during construction. The actual design effort is about \$1.75 million against the \$10 million estimated construction fee.

There were no further questions from the Board.

Authorization to Pay Dues

Resolution No. 203-13	2014 membership dues for the Northeast Ohio Areawide Coordinating Agency (NOACA). Cost: \$52,134.00.
-----------------------	--

MOTION – Ms. Kelly moved and Mayor DeGeeter seconded to adopt Resolution No. 203-13. Without objection, the motion carried unanimously.

Authorization of Contract Modification

Resolution No. 204-13	Modify Contract No. 12003017 with Industrial Energy Systems, Inc. for the Plant Wide Roof Renovations project. A cost increase in the amount of \$100,000.00, bringing the total contract price to \$1,056,495.00 and a non-compensable schedule extension of 90 days.
-----------------------	--

Resolution No. 205-13	Final adjustment of Contract No. 12003563 with Kanawha Scales & Systems for the Southerly Truck Scale Replacement (TSR-2) project. A cost decrease in the amount of \$9,931.25, bringing the total contract price to \$154,211.75.
-----------------------	--

MOTION – Mr. Sulik moved and Mayor Bacci seconded to adopt Resolution Nos. 204-13 through 205-13. Without objection, the motion carried unanimously.

Authorization of Property Related Transactions

Resolution No. 206-13	Authorize one fee simple acquisition from the Cuyahoga County Land Reutilization Corp. Necessary for construction of the Dugway Storage Tunnel (DST) project. Consideration: \$25,789.00.
-----------------------	---

Resolution No. 207-13

Authorize one fee simple acquisition from Danyl Chambers necessary for construction of the Euclid Creek Tunnel (ECT) project. Consideration: \$60,000.00.

Resolution No. 208-13

Authorization to enter into non-compensable agreements for access to property associated with Title V – Regional Stormwater System Management Program activities.

MOTION – Mayor Bacci moved and Mr. Sulik seconded to adopt Resolution Nos. 206-13 through 208-13. Without objection, the motion carried unanimously.

Authorization to Rebid

Resolution No. 209-13

Reject all bids and rebid a two (2) year requirement contract for the purchase of wholesale natural gas for all Wastewater Treatment Plants, the George J. McMonagle Building and the Environmental and Maintenance Services Center. Anticipated expenditure: \$7,070,000.00.

MOTION – Ms. Kelly moved and Mayor Bacci seconded to adopt Resolution No. 209-13. After discussion and without objection, the motion carried unanimously.

Mayor Starr inquired about the wholesale natural gas prices in the past specifically \$6 million in 2009 and \$3 million in 2012. He inquired whether this is the way the market swings. He questioned if the new cost was \$4 million a year or \$4 million over a two year period.

Director of Operation and Maintenance, Raymond Weeden, explained that the \$4 million to \$5 million will be over a two year period. The District did not reduce the original anticipated bid amounts.

Mr. Weeden explained that the reject and rebid request was based on some language within the contract. The bid announcement was not clear to both bidders. They were good bids in terms of the overall price, but there was a little ambiguity with respect to what the bidders were being asked to bid on. Consequently, the District decided it was best to reject and rebid in order to include better language in the bid to ensure that the

bidders had a clearer understanding of the project.

Mr. Weeden noted that the natural gas prices are historically decreasing.

Mayor Starr requested further explanation about the significant difference between the prices in 2009 and 2012. Mr. Weeden stated that each year the cost of natural gas has come down and that there are many contributing factors.

Mayor Starr inquired whether these were unit prices based on MCF wherein Mr. Weeden replied MCF or decatherms, which is an industry term. There is a slight difference in how decatherms are calculated and the measurement is based on decatherms per hour.

Mr. Brown inquired if there was correlation between the \$3 million and \$6 million that could be attributable to the climate.

Mr. Weeden affirmed that climate can be a contributing factor. He listed other contributing factors to include available gas in storage, economic impacts, consumption, supply and demand and hurricanes that impede the ability to obtain gas.

Mr. Sulik noted that the reserves are down.

Mayor Starr inquired whether the gas will be provided by suppliers within the United States Mr. Weeden advised that the gas from these bidders will be provided through the same pipeline in the New Orleans area called the Henry Hub.

There were no further questions from the Board.

VI. Information Items

1. Program Management Status Report and Update – July 2013.

Ms. Rotunno moved to the first report item regarding the ECT project and she advised that the mining activities will be completed around Labor Day.

The contractor on the ETDPS project finished installing the 60 foot long anchor bolts to support the cavern roof.

The contractor filed a \$6 million claim, which is under review. The claim will likely be handled by the Dispute Resolution Board. Ms. Rotunno explained that good provisions were incorporated into the contract documents and those will be exercised in order to avoid litigation. The District is analyzing those allegations and preparing its response.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 15 of 17

Mayor Starr inquired as to which contractor filed the claim wherein Ms. Rotunno replied Walsh/Atkinson Joint Venture.

Mayor Starr questioned if they were local companies wherein Ms. Rotunno indicated they are not. She noted that no local companies specialized in the deep cavern mining work required under this contract.

Mayor Starr inquired if Ms. Rotunno can disclose any further information regarding the pending claim wherein she explained that the contractor alleges that the additional support installed at the cavern roof is a changed condition. The District is analyzing said claim and will keep the Board apprised of its progress. Many contract mechanisms were put in place and there is an escalation process for disputes. The District will attempt to resolve this matter before the Dispute Resolution Board.

Ms. Rotunno advised that regular contract work has resumed under the ETDPS project and that the project is moving forward accordingly.

Ms. Rotunno moved discussion to the Renewable Energy Facility (hereinafter "REF") and she advised that Incinerator No. 3 is scheduled to be reheated next week and will also be ready for biosolids. Ms. Rotunno anticipates that in the near future the District will be ready to burn sludge. Additionally, Incinerator No. 1 is being heated and is scheduled for sand loading this week. The centrifuges are being tested and the skimmings will be blended into the dewatered biosolids.

Ms. Rotunno acknowledged Operations staff for their support during this extended commissioning and startup period.

Ms. Rotunno moved discussion to the Key Performance Indicators (hereinafter "KPIs") wherein she advised that there was an uptick in cash flow in July and the District is at 77% of its targeted cash flow. The lag of cash flow was attributed to the ETDPS project. That lag also impacted the Business Opportunity Program cash flow which is at 76%.

There were no new project closeouts to report with respect to the Business Opportunity Program.

There was nothing to report with respect to engineer's estimates. Next month Ms. Rotunno advised that she will update the Board on the CSO-SSMO Bundles Package #1 project, which was awarded today and was on average 28% below the engineer's opinion of probable construction costs. Without factoring in said project the District is averaging 0.1%.

BOARD OF TRUSTEES

Regular Meeting

August 15, 2013

Page 16 of 17

Ms. Rotunno moved discussion to the KPI for delivering designs on time and she advised that there were no new designs to report at this time.

Ms. Rotunno was pleased to report that the District identified \$900,000.00 in capital savings through value engineering on the Dugway West Interceptor Relief Sewer (hereinafter "DWIRS") project. Ms. Rotunno acknowledged Doug Lopata for identifying said savings. The District switched from a micro tunneling operation for a section of the project and was able to plan an open cut trench operation which will save money and possibly time which will result in decreased neighborhood disruptions.

Ms. Rotunno noted that the total saved through value engineering is \$21,320,000.00 to date.

Ms. Rotunno moved to the KPI for constructing projects on budget and she advised that there was nothing new report. The District is averaging 90%, which is below the KPI goal.

The District is awarding projects at a cumulative average of 12 days. The District is within its 90 day goal finishing them on average 224 days after the baseline at the time of the bid. Ms. Rotunno noted that a KPI will be established with respect to this metric in 2014.

Ms. Rotunno concluded her report with a quote by Peter Drucker, "Making decisions, good decisions is a crucial skill at every level."

There were no questions from the Board.

VII. Public Session

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

VIII. Open Session

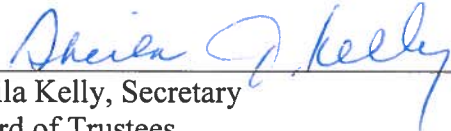
There were no items for discussion.

IX. Executive Session

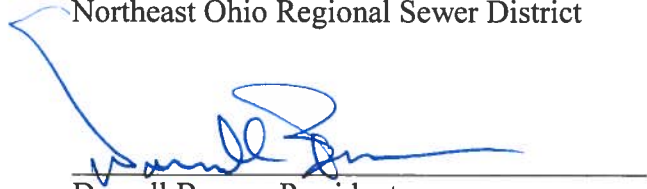
There were no matters for discussion.

X. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor DeGeeter seconded the motion to adjourn at 1:37 p.m. Without objection, the motion carried unanimously.



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



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