

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 4, 2014

Meeting of the Board of Trustees of the Northeast Ohio Regional Sewer District was called to order at 12:33 p.m. by Darnell Brown.

I. Roll Call

PRESENT: D. Brown
R. Sulik
W. O'Malley
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

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

II. Approval of Minutes

MOTION – Mr. Sulik moved and Mayor Bacci seconded to approve the minutes of the August 21, 2014, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

Executive Director Ciaccia informed the Board that no one signed up to speak about a specific agenda topic.

IV. Executive Director's Report

Executive Director Ciaccia began his report by stating that on Tuesday at 9:00 a.m. the District will present its oral argument to the Ohio Supreme Court regarding the Stormwater Management Program (SMP) appeal.

Secondly, he notified the Board that a national campaign called Water Works was organized in mid-2013 by wastewater and water agencies in the City of San Francisco. The purpose of the campaign is to raise awareness to issues related to the water and wastewater industries in

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Washington, D.C. in terms of infrastructure and that the industry is vitally important to providing jobs and economic development opportunities throughout the nation.

A number of utilities convened a meeting in Washington, D.C. to discuss the campaign. San Francisco took the lead, as did the directors of the organizations from Washington, D.C. and Cincinnati. The meeting was outside of the water and wastewater association and was an ad-hoc group that decided to find a clear, unified message for the water industry.

Executive Director Ciaccia advised that he attended the meeting and it was agreed that Water Works was a campaign worthy of putting forth and trying to get the appropriate recognition for the water and wastewater industries when the President and Congress talks about infrastructure and jobs.

The District recognized that its \$3 billion consent decree program would have a positive impact on jobs and the economy and commissioned the Cleveland State University study in 2011, which examined the years 2012 through 2016 wherein the combined Capital Improvement Program and operating costs would be about \$1.7 billion for the District alone. That study also showed that 82% of the money would stay in Northeast Ohio and 400 jobs would be created during that period of time.

Staff has been tracking the jobs on construction projects, which are around 300 per month. The average for the year is a little less than in the Cleveland State study but it is still tracking very favorably. The national group decided to elevate that to a national study. 30 utilities, including the District, participated in a national assessment carried out by the Water Research Foundation and the Water Environment Research Federation.

Executive Director Ciaccia advised that the study is about to be released and shows that the 30 utilities over ten years will expend \$233 billion in capital and operations & maintenance costs. There will be \$524 billion in economic output to the various regions and will support 289,000 jobs per year. They intend to present those figures and the study to Congress and the White House.

Executive Director Ciaccia stated that on Wednesday he will speak for the wastewater industry during Congressional briefing in Washington, D.C. and Emily Lloyd from the New York City Department of Environmental Protection, will speak on behalf of the drinking water system.

Executive Director Ciaccia distributed a handout that explains the Water Works campaign. They intend to ask for three things: expanding access to low-cost loan and grant programs; leverage private financing; and some financing for apprentice and workforce development programs. He and others who support the campaign feel compelled to try to compete with transportation when a national conversation occurs regarding infrastructure in the country.

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The District continues to run what has so far has been a successful Good Neighbor Ambassador program – particularly in the Glenville neighborhood where large projects will be ongoing for many years. Executive Director Ciaccia advised that staff had a very good meeting with David Wondolowski, of the Building Trades, and Terry Joyce of Laborer's International Union Local 310, one week ago about potentially partnering with them to get some people through the program into their apprentice programs. They were very receptive and will return with proposals.

Moving to the next topic, Executive Director Ciaccia reported that all of the District's labor contracts with the three unions expire at the end of this year and contract negotiations are expected to begin soon.

Moving to the next topic, Executive Director Ciaccia brought to the attention of the Board a chart of District Capital Improvement Projects from 2007-2014. The chart shows the total sum of money for contracts that started and closed during these years. He explained that the chart was compiled following a meeting with Jack Schron, a candidate for Cuyahoga County Executive.

Executive Director Ciaccia stated that Mr. Schron had attended a meeting of The Citizens Reform Association of Cuyahoga County, who are headed by Tom Kelly, a critic of the District who consistently points out past project cost overruns and projects them to what will happen in the future. Executive Director Ciaccia explained that he put the record forward because he informed Mr. Schron that the District's current track record is good with respect to completing projects under the contract price.

From 2007 through 2013, the District awarded \$272 million worth of projects and closed out \$242 million – or 11% under what had been awarded. He reiterated that these figures only include projects that began and closed during the time frame.

Executive Director Ciaccia stated that 77 projects is not an insignificant amount and the total dollar value closeout was 11% under the contract value. There is also a 10% general allowance in contracts for change orders and work orders. Even with that removed they are still 1% under base contracts of the 77 contracts totaled.

He thanked Mr. Schron for his suggestion and advised that such statistics will be utilized by staff will use to counteract criticism from groups such as CRACC.

Concluding his report, Executive Director Ciaccia stated that during the last Board meeting Kellie Rotunno, Director of Engineering & Construction, gave a report about construction as it related to the Renewable Energy Facility (REF). He advised that there is a matter to discuss in Executive Session about some outstanding claims with the construction contractor and equipment manufacturer.

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There are still some operational issues, one of which is on an emergency basis and some issues with air in the control room. The system was properly designed and installed but it is not working as anticipated. As a result that system will be modified for the health and safety of the employees on an emergency basis. They will return to the Board with the final adjustment, which is not anticipated to be over \$200,000.

Executive Director Ciaccia asked Ms. Rotunno to provide a briefing on the situation.

Ms. Rotunno advised that the REF is complete and the contractors are offsite. As the building was designed, there are areas of the building that are occupied full-time by operators and areas that are sometimes occupied by people, such as conference rooms.

The HVAC system was designed so that certain areas, such as the conference room and training room, got 100% fresh air from the outside, but the operators' area was designed with a combination of fresh air and internal air. An incineration facility in which biosolids are present may occasionally result in odors due to process upsets. As such, when the occasional process upset occurs it can create odors in the operator area.

Ms. Rotunno explained that even though it was designed to code and is in compliance, it was not a very good design assumption to have some makeup air from the inside of the building brought into the operator room.

Staff recommends that the air handling unit that feeds the operator room be reconfigured to get 100% of its air from the outside as well as the other occupied areas with the building. That is the nature of the emergency procurement -- to remedy the situation quickly to mitigate the perception and the potential for odors in the control room.

Mr. Brown appreciated the explanation but had difficulty reconciling why that was not a design error. Ms. Rotunno stated that it is not a design error in terms of the code -- it is compliant with code requirements.

Mr. Brown stated that while something can be designed functionally, it has to work and do what it is designed to do. Ms. Rotunno stated that it was a flawed assumption that the air component from the processed area would not contain odors.

Mr. Brown stated that the District paid someone to think of it and they missed it. Executive Director Ciaccia stated that the immediate issue has to be fixed and they will revisit it with a resolution to the Board and further explanation.

Mr. Brown moved discussions to another topic, and he stated that the District's capital improvement program numbers are impressive and is something the District should be talking about. He stated that Ms. Rotunno had provided him with these numbers before he spoke to the

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City Club and he talked about them with that audience. The numbers speak to the engagement that has occurred since 2006 to put systems and procedures in place that brought a higher level of accountability, transparency and tools to derive the performance.

Mr. Brown stated that ultimately the consultant was engaged to put together the project delivery strategy and things did not occur by chance or accident -- they were planned outcomes. These are things we should be talking about because it speaks to the work done over the last few years to set this organization on a very positive course.

The model for governance in this utility rivals anything nationally or internationally in terms of a governance perspective. He suggested not taking those issues lightly.

V. Action Items

Authorization to Issue Request for Proposals (RFPs)

Resolution No. 191-14 RFPs for the Environmental Lab II Project.

MOTION – Mr. O'Malley moved and Mayor DeGeeter seconded to adopt Resolution No. 191-14. After discussion and without objection, the motion carried unanimously.

Authorization to Advertise

Resolution No. 192-14 Advertise for Lease of Predictive Maintenance Equipment and Services at All Wastewater Treatment Plants. Anticipated Expenditure: \$298,000.00.

Resolution No. 193-14 Advertise for Six Mobile Vehicle Column Lifts for Fleet Services. Anticipated Expenditure: \$120,000.00.

Resolution No. 193-14 was held.

MOTION – Mr. Sulik moved and Mayor Stefanik seconded to adopt Resolution No. 192-14. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that this seems to be a continuing process. Based on this predictive tool, he inquired regarding the impact of what has already been accomplished under this type of contract.

Ray Weeden, Director of Operations & Maintenance, advised that on at least one occasion staff saved \$200,000 simply by having the advanced notification that this equipment was not in

alignment. The contract provides this type of monitoring that gives staff the ability to react to potential catastrophic failures long before they happen.

Mr. Brown stated that his concern would be tracking those impacts so staff understands the value added as they enter into these types of necessary programs. It is appropriate to do but it is helpful to report the impact of the expenditure. Mr. Weeden agreed to do so.

Executive Director Ciaccia advised that this equipment was being used at Southerly and now is being expanded to Westerly and Easterly as well.

Authorization to Enter into Contract

Resolution No. 194-14	Construction Contract with Kokosing Construction Co., Inc. for the Southerly Wastewater Treatment Plant First Stage Settling Improvements Project. Contract Amount: \$41,274,300.00.
Resolution No. 195-14	Two-Year Requirement Contract with Aqua Science, Inc. for Boiler Treatment and Cooling Tower Service at All District Facilities. Cost: \$653,529.92.
Resolution No. 196-14	One-Year Requirement Contract with PVS Technologies, Inc. for Ferric Chloride Solution for Use at All Wastewater Treatment Plants. Cost: \$287,300.00.
Resolution No. 197-14	Three-Year Requirement Contract with T.H. Martin, Inc. for HVAC/R Maintenance Services at All District Facilities. Cost: \$764,037.40.
Resolution No. 198-14	Contract with Lake Erie Electric, Inc. for the Southerly Low Voltage Equipment Replacement Project. Contract Amount: \$11,144,410.00.

Resolution No. 196-14 was held.

MOTION – Mayor Bacci moved and Ms. Dumas seconded to adopt Resolution Nos. 194-14 through 195-14, and 197-14 through 198-14. After discussion and without objection, the motion carried unanimously.

Mr. Brown asked for an elaboration regarding Resolution No. 194-14. Ms. Rotunno explained

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that the contract will include improved facilities at the Southerly Wastewater Treatment Plant in the area of the primary settling tanks. Tanks and equipment are in need of updating. Additionally, modification to prepare the plant to accept and operate under parallel treatment during wet weather and full-scale treatment for the consent decree.

The predominant cost of the project will help prepare the plant to operate during wet weather flow. The plant will be operating under two different conditions: dry weather flow and wet weather flow. Wet weather flow will have to go into parallel operations to comply with the consent decree requirements.

Mr. Sulik questioned if there will be additional settling tanks. Ms. Rotunno stated that the settling tanks in place will be modified.

Regarding Resolution No. 198-14, Mr. Brown inquired regarding the low-voltage equipment replacement at Southerly. Ms. Rotunno stated that there is a lot of equipment with the low-voltage distribution systems that needs to be replaced due to age and reliability issues. Therefore, the project is being undertaken to replace and update the low voltage system at Southerly.

Authorization of Contract Modification

Resolution No. 136a-14

Modify Contract No. 14002433 With Centric Consulting, LLC for Professional Services for the Customer Inquiry Tracking Application Software Phase I (Design) Project. Cost: A Change in the Scope of Work with No Change in the Contract Price.

MOTION – Mayor DeGeeter moved and Mr. Sulik seconded to adopt Resolution No. 136a-14. After discussion and without objection, the motion carried unanimously.

Mr. Brown stated that this sounds like a customized application being designed. Humberto Sanchez, Director Information Technology (IT), advised that the IT Department has an internal application they developed in-house that needs to be implemented on an enterprise-wide basis.

The application initially met the District's needs but it has grown so much that it needs to be redone. Staff wishes to either replace it with an off-the-shelf product or increase the design that they have with some other method.

Authorization of Property-Related Transaction

- Resolution No. 199-14 Authorize One Permanent Easement and One Temporary Easement Acquisition in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$5,000.00.
- Resolution No. 200-14 Authorize One Relocation Payment to Donald Evans, Jr. Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Cost: \$27,000.00.
- Resolution No. 201-14 Authorize One Acquisition and Relocation Payment to Lela Mims Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: \$55,000.00.
- Resolution No. 202-14 Authorize Two Right of Entry Agreements Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Total Consideration: Not-to-Exceed \$12,000.00.
- Resolution No. 203-14 Authorize One Relocation Move Payment to Sidakco-E79 LLC Associated with the District's Permanent Acquisition of Property in the City of Cleveland Necessary for Construction of the Green Infrastructure – Urban Agriculture Project. Cost: \$15,390.00.

MOTION – Mr. O'Malley moved and Mayor Stefanik seconded to adopt Resolution Nos. 199-14 through 203-14. After discussion and without objection, the motion carried unanimously.

Authorization to Increase Tuition Assistance

- Resolution No. 204-14 Increase the Tuition Assistance Program Annual Limits for District Employees.

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MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 204-14. After discussion and without objection, the motion carried unanimously.

Constance Haqq, Director of Administration & External Affairs, stated that three employees would like to talk about their tuition assistance experiences.

Jean Chapman, Manager of Media & Community Relations, stated that the District's Tuition Reimbursement Program (TAP) was one of the reasons she decided to work for the District. She wanted to work for an organization that supported its employees' professional development.

Ms. Chapman advised that she was currently enrolled at Cleveland State University (CSU) working towards a Master's Degree in Public Administration. She is on track to graduate by December 2015.

Ms. Chapman stated that in her role as Manager of Community & Media Relations she needs to know a lot about the District and have a rounded knowledge base. The program at Cleveland State has provided an opportunity to enhance her knowledge in many areas that directly impact the District.

Ms. Chapman's classes have included human resources, statistics, math, budgeting, economics, organizational behavior and the history of public administration. This semester she is taking a community development class and next spring a law class is scheduled.

Ms. Chapman advised that she has able to apply much of what she has learned to her day-to-day work. TAP is the primary reason she returned to school. Ms. Chapman thanked senior management and the Board of Trustees for their continued support of this amazing employee benefit.

Nick Borelli stated that he works for the Water Quality Industrial Surveillance Department (WQIS). He is an investigator and recently graduated with an MBA from Baldwin Wallace University. He decided to pursue an MBA to gain new perspective in business and further career opportunities.

Mr. Borelli advised that he learned how to approach business as a complete system. Within every organization, each department interacts cross-functionally to promote an efficient and effective work environment. He believed that he would be able to compare, contrast, and apply many of these approaches to provide solutions within the District. He did not feel he would have chosen this path if not for TAP.

Mr. Borelli stated that the TAP program demonstrates confidence in District employees and empowers them to take control of their futures to use the education they received to improve the District's value to the ratepayers. All of Mr. Borelli's interactions with TAP employees were

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quick, easy, helpful and rewarding. He was greatly appreciative and thinks the program is essential to adding to that value.

Mr. Borelli advised that he plans to use the MBA that TAP helped him achieve to continue improving the District as well as himself. He plans to do so within his job function both organizationally and departmentally.

Nicole Velez advised that she began working for the District in 2001 as a part-time data entry without a college degree. At the time she held an additional part-time job, was a part-time student at Tri-C and a young mother.

Ms. Velez stated that she was subsequently hired full-time, which made her eligible for TAP. She took advantage of that benefit and graduated from Tri-C with an associate's degree in 2003. That education helped her receive a promotion to department secretary within a year and a few years later to Executive Assistant to Frank Greenland in the Watershed Programs Department.

Ms. Velez advised that her further studies at CSU have helped her career grow immensely. She took courses such as environmental planning, urban sustainability and environmental chemistry - all of which have helped her become a better employee.

Ms. Velez stated that she graduated with high honors from CSU this past May with a Bachelor's Degree in Environmental Studies and a certification in GIS.

Ms. Velez was grateful for TAP and did not know how she could have gone to college without it. She thanked the Board, for their support and Mr. Greenland, who supported her education through the years.

Mr. Brown stated that it speaks to the value of the program.

Ms. Haqq thanked the Board for their support of the program and acknowledged that it is managed through the Organization & Employee Development (OED) Program. The manager of OED is George Sample, who has done a great job managing it and encouraging our employees.

Sewer Use Code Matters

Resolution No. 205-14

Authorization to Grant a Sewer Account Credit to
Coventry School, 2843 Washington Boulevard,
Cleveland Heights, Ohio for an Undetectable
Underground Leak. Cost: \$77,033.97.

MOTION – Mr. Sulik moved and Mr. O'Malley seconded to adopt Resolution No. 205-14. After discussion and without objection, the motion carried unanimously.

Authorization to Certify Accounts

Resolution No. 206-14

Authorize the Director of Finance to Certify 2014 Delinquent Sewer Accounts for Collection by the Cuyahoga County Fiscal Officer in the Same Manner as Other Taxes.

Resolution No. 207-14

Authorize the Director of Finance to Certify 2014 Delinquent Direct Billed Sewer Charges for Collection by the Cuyahoga and Lorain County Fiscal Officer in the Same Manner as Other Taxes.

MOTION – Ms. Dumas moved and Mayor Stefanik seconded to adopt Resolution Nos. 206-14 through 207-14. After discussion and without objection, the motion carried unanimously.

VI. Information Items

There were no Information Items.

VII. Open Session

Mr. Sulik advised that the Audit Committee met on Friday, August 22. In attendance were senior staff members, outside committee members Michael Oleksa and Kenneth Koncilja, as well as Rhonda Hall from Ciuni & Panichi -- the external auditors.

Ms. Hall affirmed that the December 31, 2013, and 2012 financial statements were presented fairly and all material respects the financial position of the District. Ms. Hall stated they encountered no significant difficulties in dealing with management and performing and completing their audit.

In planning and performing their audits of the financial statements, they considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing their opinion on the financial statements. Given certain limitations during their audit, they did not identify any deficiencies in internal control that they considered to be material weaknesses.

Audit reports issued since May 9 were reviewed by the Committee and senior staff with questions asked and answered to the satisfaction of the Committee.

Two programs are being looked at by management. The first is COSO, a program that provides thought leadership to executive management on critical aspects of the organizational governance, business ethics, internal control, enterprise risks, fraud and financial reporting.

The second program is called COBIT. This is a similar program to COSO in that it focuses on the governance and management of IT departments.

The next Audit Committee is tentatively scheduled for October.

VIII. Public Session (any subject matter)

No members of the public registered to speak during Public Session.

IX. Executive Session

MOTION – Mayor Bacci moved to go into Executive Session to discuss claims in connection with renewable energy facility contracts 28 and 28B. Discussion of the matter in executive session are permitted as specific exemption to the public meeting act pursuant to Ohio Revised Code section 121.22(G)(3). I specifically designate matters discussed in executive session to be protected from public disclosure in accordance with Ohio law and the attorney-client.

The Board met in Executive Session from 1:17 p.m. to 1:39 p.m.

X. Approval of Items from Executive Session


There were no items for approval.

IX. Adjournment

MOTION – Mr. Brown stated business having been concluded, he would entertain a motion to adjourn. Mr. Sulik moved and Mayor Bacci seconded the motion to adjourn at 1:40 p.m. Without objection, the motion carried unanimously.



Walter O'Malley, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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