

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
OCTOBER 16, 2014

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

I. Roll Call

PRESENT: R. Sulik
J. Bacci
T. DeGeeter
S. Dumas
R. Stefanik

ABSENT: D. Brown
W. O'Malley

Acting Secretary, Mayor DeGeeter, informed Acting President Sulik that a quorum was in attendance.

II. Approval of Minutes

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to approve the minutes of the October 2, 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 two weeks ago he was invited to a meeting of the Council on Environmental Quality at the White House and was asked to give a presentation on the District's experience with green infrastructure. He gave that presentation as it related to the Urban Agriculture Green Infrastructure Project.

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The Council was seeking insight from utilities that are carrying out green infrastructure projects. The meeting was attended by around 60 people, including White House staff, the Environmental Protection Agency (EPA) and others external from the federal government.

There was frank discussion about green infrastructure and the realities of carrying out those projects. The narrative is now a more realistic view of where and how green infrastructure will fit into the construction portfolios the District and other utilities must implement related to combined sewer overflow.

Executive Director Ciaccia explained that staff hopes to re-engage the EPA regarding its consent order and make modifications in an integrated planning fashion. Staff plans to make a presentation to the Board regarding activities relative to integrated planning, what the goals are and some of the strategies to achieve it.

Kellie Rotunno, Director of Engineering & Construction, Kyle Dreyfuss-Wells, Manager of Watershed Programs, Robin Halperin, Manager of Regulatory Compliance, and Devona Marshall, Planning Manager, are in Chicago presenting the District's experience so far with Appendix 3 green infrastructure, the projects underway and clarifications staff is seeking. Additionally, Wade Trim is conducting advanced facility planning including this topic as well as updating our modeling and impacts of community collection systems. The communities need to focus on the thousands of miles of collection system they control but are not robustly investing in.

Executive Director Ciaccia stated that staff will assess from a water quality standpoint how it affects the region and how the District might play a role getting investment in those communities. Staff needs to develop a campaign strategy in advance of re-engaging the EPA to craft a better product that helps a wider group of stakeholders. A Suburban Council of Governments meeting will be held on October 30, at which he will mention these issues and the communities need to be involved.

On another topic, Executive Director Ciaccia stated that a meeting took place with Steve Litt, a reporter for the Northeast Ohio Media Group who is writing a story on the status of the green infrastructure program.

Moving to finances through September, or three-quarters of the year, he advised that the District is running above the adopted budget at 79.6% in revenues. Expenses are below at 69.2%. Billed revenues have increased since the Cleveland Water Department (CWD) now has an interim director.

Executive Director Ciaccia indicated to CWD in an e-mail to their staff that he was pleased that cash is up 10%; it is a function of their better performance in collections. Collection for active accounts over 180 days is down to 33% and accounts over 90 days are 47%, which also

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improved. While there is room for improvement the metrics are getting closer to the historic norm. Their current 94% collection rate is good. Billed revenue is up and CWD is billing more than before.

Mr. Sulik questioned how the Stormwater Management Program (SMP) staff has performed since the program was suspended and transitioned to monitoring communities. Executive Director Ciaccia advised that the District did not have the resources to carry out its green infrastructure commitments and the SMP staff that was geared toward stormwater management have shifted into carrying out these green infrastructure projects. There has been more work than anticipated with green infrastructure projects.

Frank Greenland, Director of Watershed Programs, advised that the SMP staff have done a significant amount of work assessing designs of green infrastructure, providing training programs for Operations staff to maintain the facilities and have worked with communities on issues regarding streams and stormwater. Staff has increased activities regarding the illicit discharge program by looking for improper connections of sanitary to storm sewers.

Moving to the next item of the report, Executive Director Ciaccia advised that Ebola has been in the news lately and the District has a role to play locally. He asked Constance Haqq, Director of Administration & External Affairs, to elaborate.

Ms. Haqq explained that the District was called to a meeting this morning with Cleveland Mayor Frank Jackson and they were briefed on what has been going on thus far.

An incident command structure has been jointly established with the City of Cleveland's Department of Health along with Cuyahoga County. They want the District to follow the Center for Disease Control (CDC) messaging recommendations. Staff issued a blog post yesterday and sent an agency-wide e-mail with industry-related facts about the level of risk.

The Water Research Foundation has said Ebola cannot be spread through water and sewage treatment precautions controls any risk of the virus being transmitted in wastewater systems. That information has been disseminated. When following District procedures and processes, employees are without risk at this point.

Executive Director Ciaccia stated that the Ebola news is in a frenzy and keeping things in perspective is very important. Employees in the wastewater industry are exposed on a daily basis to E. coli, which kills a lot of people every year. Personal protection equipment is always stressed and he expects they will continue to take those precautions.

V. Action Items

Authorization to Pay Dues

Resolution No. 229-14 Pay Dues for Water Environment Research
Foundation Subscription. Cost: \$93,147.84.

MOTION – Mayor Stefanik moved and Ms. Dumas seconded to adopt Resolution No. 229-14. After discussion and without objection, the motion carried unanimously.

Authorization to Purchase

Resolution No. 230-14 Authorize the Sole Source Purchase of
Instruments, from Shimadzu Scientific
Instruments, for the Analysis of Cyanotoxins. The
Instruments will Allow the District to be a Leader
in Harmful Algal Bloom Toxicity Testing. Cost:
Not-to-Exceed \$385,227.92.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 230-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik questioned if this test is similar to what happened in Toledo. Executive Director Ciaccia explained that this is a direct result of the Toledo experience, when it was found that no one has the equipment and ability to test for the toxin that algae emits that could be harmful. That void needs to be filled and the District is the best-suited agency to do so.

Mark Citriglia, Manager of Analytical Services, explained that staff will purchase an instrument that will provide dual capability for the analysis of various cyanotoxins. Staff is working jointly with CWD and the Ohio EPA.

The District is leading the pack with the technology. They have had meetings with the Ohio EPA and CWD in the laboratory, explaining the technical aspects behind it. Partnerships have been forged and the Ohio Department of Health is looking to be a resource for the area such analysis.

Mr. Sulik inquired if the equipment will be kept in the lab and whether samples will be brought in for testing. Mr. Citriglia confirmed the equipment will be in the lab and advised that samples could be shipped in for testing. This equipment will be very helpful with emerging issues.

Authorization to Select Firms

Resolution No. 231-14

Authorization to Select Investment Banking Firms
for a Period of Five Years.

MOTION – Mayor DeGeeter moved and Ms. Dumas seconded to adopt Resolution No. 231-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik requested an explanation. Jennifer Demmerle, Director of Finance, advised that a team of six reviewed and ranked the twenty-four (24) proposals. Following the evaluation they interviewed five (5) firms based on national exposure and those with an Ohio presence.

The five (5) firms selected were Bank of America, Merrill Lynch, Morgan Stanley, RBC Capital, KeyBank, and Stifel Nicolaus. KeyBanc and Stifel Nicolaus have a strong local presence; RBC has an Ohio presence; and Bank of America and Morgan Stanley are national firms.

Following interviews the firms were narrowed to three (3) with a strong strategy for marketing bonds, a desire to sell them and an understanding of the District and its financing arrangements. The recommended firms are Bank of America, Morgan Stanley and KeyBanc.

Staff also selected a pool of co-managers that added six (6) firms to the team: Loop Capital Markets, Siebert Brandford Shank, Citigroup, Wells Fargo, PNC Capital Markets and Piper Jaffray. That team was selected to maximize the investor base. Staff sought firms with extensive retail distribution, institutional distribution and to focus on local and regional offices.

Ms. Demmerle advised that the first bond issue will be the Bank of America team; Merrill Lynch will be the senior. KeyBanc will be the co-senior and Siebert Brandford Shank and Loop Capital -- both MBEs -- will be the co-managers. Stifel Nicolaus, RBC and Morgan Stanley will also be co-managers. The senior managers and co-managers will be rotated based on interviews with the pool of candidates.

Executive Director Ciaccia stated that it is projected to be a \$300 million issue this time and the next will likely be similar.

Ms. Dumas inquired if the firms are selected for five years or two issuances. Ms. Demmerle stated that it will probably be two issues in five years.

Authorization to Enter Contract

Resolution No. 232-14

Authorization to Enter Into Contracts with Squire
Patton Boggs L.L.P. and Forbes, Fields &
Associates Co., L.P.A. to Serve as Bond Counsel

and Co-Bond Counsel Respectively for a Period of Five Years. Cost: Not-to-Exceed \$125,000.00 for Each Bond Issuance.

Resolution No. 233-14

Authorization to Renew the Current Contract with Medical Mutual for Medical Claims Administration and Stop Loss Medical Coverage. Cost: Not-to-Exceed \$300,000.00 for Claims Administration and \$530,000.00 for Stop Loss Coverage; for a Total Not-to-Exceed Cost of \$830,000.00.

Resolution No. 234-14

Authorization to Renew the Current Contract with Medical Mutual of Ohio for 2015 Medical Insurance. 2015 Projected Cost: Not-to-Exceed \$7,300,000.00.

Resolution No. 235-14

Authorization to Renew the Current Contract with HealthSpan for 2015 Medical Insurance. 2015 Projected Cost: Not-to-Exceed \$750,000.00.

Resolution No. 236-14

Authorization to Renew the Current Contract with Vantage Financial Group for 2015 Flexible Spending Plan. 2015 Cost: Not-to-Exceed \$20,000.00.

Resolution No. 237-14

Authorization to Renew the Current Contract with the Fedeli Group for 2015 Benefits Consultant Services. Cost: Not-to-Exceed \$50,000.00 in 2015 for a Total Contract Cost Not-to-Exceed \$250,000.00.

Resolution No. 238-14

Authorization to Enter Into Professional Services Contract with CDM Smith for the Union Buckeye Green Infrastructure Project. Contract Amount: \$2,033,320.00.

Resolution No. 239-14

Authorization to Award Requirement Contract with Valley Ford Truck, Inc. to Purchase One New, Year 2015, Ford 450 Utility Truck with a Utility Service Body for the Sewer System Maintenance & Operation Department. Cost:

\$53,126.35.

MOTION – Mayor Stefanik moved and Mayor DeGeeter seconded to adopt Resolution Nos. 232-14 through 239-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik questioned the high cost regarding Resolution No. 238-14. Greg Binder, Engineering Program Manager, explained that the cost is higher than normal because of three or four factors that, given the scope of services, is reasonable. There are two different areas involved, so there will be more survey work. There is additional work staff wants them to do; look at drainage area investigations and also look at different green infrastructure features. Staff believes this is a reasonable amount for the project.

Authorization of Property-Related Transaction

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| Resolution No. 240-14 | Authorize One Fee Simple Acquisition in the City of Cleveland Necessary for Construction of the Woodland Central Green Infrastructure Project. Consideration: \$2,500.00. |
| Resolution No. 241-14 | Authorize One Fee Simple Acquisition in the City of Cleveland Necessary for Construction of the Dugway West Interceptor Relief Sewer Project. Consideration: \$40,000.00. |
| Resolution No. 242-14 | Authorize Two Fee Simple Acquisition Appropriations, from Everett Durham, Jr. and Ralphie Durham, Necessary for Construction of the Dugway Storage Tunnel Project. Consideration: \$131,000.00. |
| Resolution No. 243-14 | Authorize Two Permanent Easement and Two Temporary Easement Acquisitions in the City of Cleveland Necessary for Construction of the CSO 049 and 050 Relocation Project. Consideration: \$0.00. |
| Resolution No. 244-14 | Authorize One Permanent Easement and One Temporary Easement to Breakwater Bluffs, LLC; and Receipt of One Permanent Easement from Breakwater Bluffs, LLC. Consideration: \$0.00. |

- Resolution No. 245-14 Authorize Two Relocation Moving Benefits 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. Consideration: \$9,415.91.
- Resolution No. 246-14 Authorize Appropriation of One Fee Simple Acquisition that is Necessary for Construction of the Woodland Central Green Infrastructure Project. Consideration: \$240,000.00.
- Resolution No. 247-14 Authorize a License Agreement with the City of Cleveland for Construction of the Dugway West Interceptor Relief Project. Consideration: \$200.00.
- Resolution No. 248-14 Authorize a Parking Lease with The George Group to Lease Fifty Parking Spaces to Provide Sufficient Parking Capacity for District Employees and Visitors During the Pending GJM Building Remodel Project. Consideration: \$37,800.00 Per Year, Renewable Up to Four Successive One-Year Lease Terms.

MOTION – Ms. Dumas moved and Mayor Bacci seconded to adopt Resolution Nos. 240-14 through 248-14. After discussion and without objection, the motion carried unanimously.

Mr. Sulik asked for an explanation regarding Resolution No. 246-14. Julie Blair, Assistant Director of Law, stated that the District will acquire a large parcel of land upwards of eight acres from the Mount Sinai Baptist Church. The parcel is needed for the Woodland Central Green Infrastructure Project and a green infrastructure basin will be on the site.

Ms. Blair clarified that the parcel contains no buildings and is empty land.

Authorization to Accept Grant Funds

- Resolution No. 249-14 Accept Grant Funds from the Cleveland Foundation in the Amount of \$135,000.00 for the District's Good Neighbor Ambassador Program and Doan Brook Restoration Conceptual Design.

MOTION – Mayor Bacci moved and Mayor DeGeeter seconded to adopt Resolution No. 249-14. After discussion and without objection, the motion carried unanimously.

VI. Information Items

Executive Director Ciaccia stated that relative to the Capital program, all Key Performance Indicators are being met. The Renewable Energy Facility is operating and discussions continue with contractors involved with that project as it relates to outstanding claims.

VII. Open Session

There were no matters for Open Session.

VIII. Public Session (any subject matter)

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

IX. Executive Session

There were no items.

X. Approval of Items from Executive Session

There were no items for approval.

IX. Adjournment

MOTION – Mr. Sulik stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved and Mayor Stefanik seconded the motion to adjourn at 1:00 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