

MINUTES
NORTHEAST OHIO REGIONAL SEWER DISTRICT
BOARD OF TRUSTEES MEETING
SEPTEMBER 5, 2024

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

I. Roll Call

Present: Ronald Sulik
Timothy DeGeeter
Samuel Alai
Jack Bacci
Sharon Dumas
Marjorie Chambers

Absent: Darnell Brown

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

II. Approval of Minutes

MOTION – Mayor Bacci moved, and Ms. Dumas seconded to approve the Minutes of the August 15, 2024, Board Meeting. Without objection, the motion carried unanimously.

III. Public Session

There were no items.

IV. Chief Executive Officer's Report

Kyle Dreyfuss-Wells, Chief Executive Officer, advised the Board that on August 16th NEORS recognized its Good Neighbor Ambassadors (GNA) for their Cuyahoga Community College (Tri-C) graduation. NEORS has partnered with Tri-C for ten years to provide skills training to each cohort of the GNA program. Ms. Marquita Rockamore, Director of Health Industry Solutions in Tri-C's Workforce Community Economic Development Division, served as the master of ceremonies. Ms. Rockamore offered reflections for each ambassador of their time spent in her classes as they received their recognition, as she was also the teacher for the skills training. Ms. Dreyfuss-Wells introduced the graduates in attendance: Paul Boyd, Jose Clavijo, John Davis, Mark Frazier, Eric Hooks, Antonio McCarroll, LaDre Pickens, Nautica Rogers, and Andrew Vinciquerra. Ms. Dreyfuss-Wells congratulated the GNAs, Crystal Davis, Government Affairs Program Manager, and Galen

Adams, GNA Supervisor, as well as Constance Haqq, Chief Administrative Officer, as she originated the program, for the Tri-C graduation of another successful cohort.

Ms. Dreyfuss-Wells acknowledged the Finance Department for receiving several recent awards including the 2022 Annual Comprehensive Financial Report Award with Distinction from the State Auditor's Office. This award recognizes entities that file timely reports with the Auditor's Office on a GAAP accounting basis and prepare an Annual Comprehensive Financial Report. Recognized entities must have an audit report that does not contain any findings for recovery, material citations or weaknesses, significant deficiencies, single audit findings, or questioned costs. Additionally, the entities' management letter must contain no comments related to a range of issues including ethics referrals, lack of reporting or public records. Meeting these standards and criteria is essential to NEORSD, which Ken Duplay, Chief Financial Officer, and his team take very seriously.

NEORSD also received the 29th Annual Achievement of Excellence in Procurement Award for 2024 from the National Procurement Institute. This award is earned by public and nonprofit organizations that demonstrate a commitment to procurement excellence. NEORSD is one of three in Ohio and one of twenty-five special districts in the country to receive this award. NEORSD has received this award every year since 2015, with the exception of 2017. Ms. Dreyfuss-Wells congratulated Jacqueline Williams, Manager of Procurement Services, and her team for the achievement.

Ms. Dreyfuss-Wells reminded the Board that Clean Water Fest will be held on September 21st from 9:00 a.m. to 4:00 p.m. at EMSC with tours of the Southerly Wastewater Treatment Center and the laboratory offered to the public. There will be forty vendors in attendance, all with a STEM and interactive focus, including NEORSD departments and community partners from across the region. Ms. Dreyfuss-Wells thanked Mayor Bacci and the Village of Cuyahoga Heights for continuing to support the event.

V. Action Items

Authorization to Enter Into Agreement

Resolution No. 216-24 Authorization to enter into a professional services agreement with JP Morgan Chase & Co. for implementation, account maintenance, and payment processing services for the Electronic Bill Payment Software Implementation project in an amount not-to-exceed \$92,000.00.

Resolution No. 217-24 Authorization to enter into an agreement with the City of Garfield Heights, authorizing the District to construct and rehabilitate certain local combined, sanitary, and storm sewers under the previously authorized CSO-249-McCracken-East 112th Sewer Improvements

project and transferring ownership of such local facilities to the City upon completion of the project, with no additional costs for this agreement.

Resolution No. 218-24 Authorization to enter into a professional services agreement with MKSK, Inc. for pre-design services for the Woodland Central West Green Infrastructure Site Improvements project in an amount not-to-exceed \$329,162.00.

Resolution No. 219-24 Authorization to enter into an agreement with First Energy Corporation for the relocation of thirteen electrical poles necessary for construction of the Flood Reduction at Riverview Road project, in an amount not-to-exceed \$93,758.08.

Resolution No. 220-24 Authorization to enter into a Water Pollution Control Loan Fund loan agreement with the Ohio Environmental Protection Agency and the Ohio Water Development Authority to accept principal forgiveness funding up to \$250,000.00 under the Infrastructure Investment and Jobs Act for the purchase of a Combustion Ion Chromatograph.

MOTION – Mayor Alai moved, and Ms. Chambers seconded to adopt Resolution Nos. 216-24 through 220-24. After the following discussion, without objection, the motion carried unanimously.

Mr. Sulik requested an explanation of the project associated with Resolution No. 218-24. Matt Scharver, Director of Watershed Programs, explained that the Woodland Central West Green Infrastructure project is in the Kinsman neighborhood and within the Kingsbury Run sewershed. The intent of the project is to improve the public use of the green infrastructure site that has been in place for several years and is managed by NEORSD’s Stormwater Inspection and Maintenance staff. The site connects Kinsman to Beaver Avenue and is near East 61st street, which connects to the Woodland Branch of the Cleveland Public Library. There will be public outreach events to determine how to improve use of the site, including improving the pedestrian corridor and readjusting the walking trails.

Mr. Sulik requested additional information regarding the equipment associated with Resolution No. 220-24. Mr. Scharver explained that there are two related Resolutions for the purchase of a Combustion Ion Chromatograph (CIC). Resolution No. 220-24 is to enter into an agreement with Ohio EPA to accept \$250,000 through the Infrastructure Investment and Jobs Act program, which will provide principal forgiveness for the purchase of the CIC. The CIC will be housed within Analytical Services in the laboratory to analyze adsorbable organic fluorine, an indicator of the presence of PFAS. Resolution No. 221-24 is to authorize NEORSD to advertise for the purchase of the CIC.

Mr. Sulik asked if there are new regulations or new methods of testing for the presence of PFAS chemicals. Mr. Scharver explained that there are new testing methods, and the CIC will help NEORS D meet testing requirements.

Authorization to Advertise

- Resolution No. 221-24 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for the purchase of a Combustion Ion Chromatograph with an estimated probable cost of \$250,000.00.
- Resolution No. 222-24 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for a public improvement contract for the Southerly Wastewater Treatment Center Tunnel Pipe Painting project with estimated probable construction costs of \$300,000.00.
- Resolution No. 223-24 Authorization to publish notice calling for bids, in accordance with Ohio Revised Code Section 6119.10, for a two-year requirement contract for the transport and disposal of regulated wastes with an estimated probable cost of \$180,000.00.

MOTION – Ms. Chambers moved, and Mayor Bacci seconded to adopt Resolution Nos. 221-24 through 223-24. Without objection, the motion carried unanimously.

Authorization to Issue Request for Proposal (RFP)

- Resolution No. 224-24 Authorization to issue an RFP, in accordance with Ohio Revised Code Chapter 153, for design and construction administration/resident project representation services for the Easterly District Capacity Improvements project.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 224-24. After the following discussion, without objection, the motion carried unanimously.

Mr. Sulik asked what the Easterly District Capacity Improvements project will entail. Devona Marshall, Director of Engineering and Construction, explained that the project is necessary to meet the requirements of Control Measures 12 and 13 of the Consent Decree. NEORS D will use our updated hydraulic models to identify and design remediation measures that will alleviate capacity limitations in NEORS D's Easterly district combined sewers. The construction aspect of the project will be awarded under a future contract.

Mr. Sulik asked if the project will eliminate flooding the area. Ms. Marshall explained that the project is focused on capacity issues within the system to ensure that the system can handle a five-year, six-hour level storm, which could potentially reduce basement backups that may occur due to surcharging in the system.

Authorization to Enter Into Contract

Resolution No. 226-24 Authorization to enter into a contract for turbine generator reconditioning services for the Southerly Wastewater Treatment Center's Renewable Energy Facility with sole source vendor The Ideal Electric and Manufacturing Company in an amount not-to-exceed \$187,000.00.

MOTION – Mayor Alai moved, and Mayor Bacci seconded to adopt Resolution No. 226-24. Without objection, the motion carried unanimously.

Property Related Transaction

Resolution No. 227-24 Authorization to appropriate one subterranean easement at the property known as PPN 131-22-052, located at 3423 East 55th Street, in the City of Cleveland, owned by EM&M Properties, LLC, necessary for the construction and maintenance of the Southerly Tunnel and Consolidation project and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

Resolution No. 228-24 Authorization to appropriate one subterranean easement at the property known as PPN 131-20-072, located at 3472 East 52nd Street, in the City of Cleveland, owned by Ascend Elite Properties, LLC, necessary for the construction and maintenance of the Southerly Tunnel and Consolidation project and to provide for the consideration of \$1,900.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

Resolution No. 229-24 Authorization to appropriate one subterranean easement at the property known as PPN 131-21-066, located at 3450 East 53rd Street, in the City of Cleveland, owned by Dakota and Hannah Meyer, necessary for the construction and maintenance of the Southerly Tunnel and Consolidation project and to provide for the consideration of \$300.00 determined by the fair market value to be deposited with the Cuyahoga County Probate Court.

MOTION – Ms. Chambers moved, and Mayor Alai seconded to adopt Resolution Nos. 227-24 through 229-24. Without objection, the motion carried unanimously.

Authorization for Bond Issuance and Defeasance

Resolution No. 230-24 Providing for the authorization, issuance and sale of not to exceed \$88,000,000 Northeast Ohio Regional Sewer District Wastewater Improvement Refunding Revenue Bonds, Series 2024A, for the purpose of refunding some or all of certain obligations previously issued for the purpose of acquiring, constructing and improving water resource projects, all as authorized by the Trust Agreement; authorizing the use, if necessary, of certain available moneys of the District, not to exceed \$35,000,000, for the purpose of defeasing such obligations; authorizing the execution of a Twelfth Supplemental Trust Agreement to extend the pledge of Net Revenues and Special Funds to secure such Series 2024A Bonds, to provide covenants appropriate to the protection and disposition of such Net Revenues and Special Funds, and to secure the payment of the principal of and interest on the Series 2024A Bonds at their respective maturities on a parity with all Outstanding Bonds issued under the Trust Agreement and any Additional Bonds that may be issued in the future; authorizing the execution of an Escrow Agreement for the purpose of effecting the refunding of the Refunded Bonds and/or the defeasance of the Defeased Bonds; authorizing the preparation and distribution of a preliminary and final Official Statement; authorizing the execution of a Bond Purchase Agreement, a Certificate of Award, and a Continuing Disclosure Agreement; and authorizing such other actions as are necessary and appropriate to accomplish the transactions hereby authorized.

Resolution No. 231-24 Providing for the authorization, issuance and sale of not to exceed \$817,835,000 Northeast Ohio Regional Sewer District Wastewater Improvement Refunding Revenue Bonds, Series 2024B, for the purpose of refunding some or all of certain obligations previously issued for the purpose of acquiring, constructing and improving water resource projects, all as authorized by the Trust Agreement; authorizing the use, if necessary, of certain available moneys of the District, not to exceed \$35,000,000, for the purpose of defeasing such obligations; authorizing the execution of a Thirteenth Supplemental Trust Agreement to extend the pledge of Net Revenues and Special Funds to secure such Series 2024B Bonds, to

provide covenants appropriate to the protection and disposition of such Net Revenues and Special Funds, and to secure the payment of the principal of and interest on the Series 2024B Bonds at their respective maturities on a parity with all Outstanding Bonds issued under the Trust Agreement and any Additional Bonds that may be issued in the future; authorizing an invitation to offer to tender certain outstanding bonds; authorizing the preparation and distribution of a preliminary and final Official Statement; authorizing the execution of a Bond Purchase Agreement, a Certificate of Award, a Continuing Disclosure Agreement, and, if necessary, an Escrow Agreement for the purpose of effecting the defeasance of the Defeased Bonds; and authorizing such other actions as are necessary and appropriate to accomplish the transactions hereby authorized.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution Nos. 231-24 through 232-24. After the following discussion, without objection, the motion carried unanimously.

Mr. Sulik invited Ken Duplay, Chief Financial Officer, to provide an explanation regarding the refundings.

Mr. Duplay reminded the Board that earlier in the year, NEORSD had sought authorization to establish a pool of underwriters, as it had identified opportunities to achieve savings through bond refunding activities.

On August 12th, Mr. Duplay along with Ms. Dreyfuss-Wells, Ms. Marshall, and Brandon Knittle, Manager of Debt and Treasury, met with Moody's and S&P in Chicago to seek an upgrade of NEORSD's ratings. NEORSD scored as a Triple A rated entity based on unofficial results of S&P score cards. The meetings with both were positive, but ultimately both entities confirmed the NEORSD's current ratings, with S&P upgrading NEORSD's long-term outlook from stable to positive. Ratings positives from both entities were the same as previous reports and related to things within NEORSD's control. The biggest negative from both agencies was not being further along in the Consent Decree, as that outstanding obligation was considered to be too great.

The current opportunity is to refund the 2010 Build America Bonds as well as a tender refunding of all other outstanding bonds.

Regarding the Build America Bonds (BABs), the savings projection is approximately \$1 million, approximately 1% to 2% in net present value (NPV) savings. The tender portion, which is dependent upon bondholder participation in the process, has a projected NPV savings of approximately 3% to 4%, equating to approximately \$4 million, assuming a 25% participation rate, which is the typical estimate. If there is more participation, there will be greater savings. The level of savings is not as

high as some previous transactions; however, the Debt Policy allows for pursuing refunding opportunities when there are other goals to be obtained including greater future flexibility with a lower finance cost.

The BABs were taxable bonds issued with a government rebate which has been reduced from the original 35% by between 5% to 8% annually. It is uncertain whether those reductions will continue. Taking the bonds out now eliminates \$10.3 million in future subsidy risk. These are not callable bonds. They are being refunded based on an extraordinary optional redemption that was triggered because the subsidy was reduced.

Regarding the tender refunding, the primary targets are the 2020 and 2021 bonds which were taxable bonds, primarily issued during the pandemic with coupons around 3%. Any of these bonds that are refunded through the tender process will be replaced with new 5% coupons at a lower par than what was previously issued. This will add optionality to NEORSD's portfolio.

The final component is that NEORSD has requested up to \$35 million to defease outstanding bonds wherever it would generate the greatest savings. Utilizing the cash-on-hand could help smooth debt service after the tender process, if necessary, and achieve further debt service savings. Those structuring components and savings will benefit the entire transaction.

NEORSD is combining the tender offer with the traditional refinancing to eliminate the risk of low participation in the tender. The two transactions together will be issued as one new 2024 bond issue, providing unexpected incremental savings based on the current market conditions. The additional benefits of optionality as well as avoiding the subsidy risk into the future is why NEORSD is recommending moving forward with this transaction per the Debt Policy and is anticipating pricing the transaction on October 2nd.

Authorization to Retain Legal Counsel

Resolution No. 232-24 Authorizing the District to retain Squire Patton Boggs, L.L.P. and Forbes, Fields & Associates Co., L.P.A. to serve as co-bond counsel for the Series 2024A and Series 2024B Wastewater Improvement Revenue Refunding Bonds in a total amount for all bond counsel not-to-exceed \$225,000.00.

MOTION – Ms. Dumas moved, and Mayor Bacci seconded to adopt Resolution No. 232-24. Without objection, the motion carried unanimously.

VI. Information Items

There were no items.

VII. Open Session

There were no items.

VIII. Public Session (any subject matter)

There were no items.

IX. Executive Session

There were no items.

X. Approval of Items from Executive Session

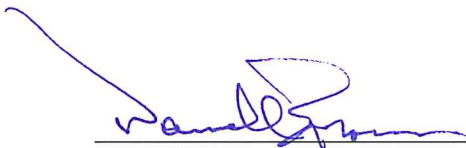
There were no items.

XI. Adjournment

MOTION – Vice President Sulik stated business having been concluded, he would entertain a motion to adjourn. Mayor Bacci moved, and Ms. Chambers seconded the motion to adjourn at 1:04 p.m. Without objection, the motion carried unanimously.



Timothy J. DeGeeter, Secretary
Board of Trustees
Northeast Ohio Regional Sewer District



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