Central Lake Erie Regional Water Reclamation (CLERWTR) District

Plan of Operations

DRAFT FOR PUBLIC COMMENT
August 26, 2025

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Plan of Operations

Section 1 Overview

1.1 Background

In 2009, a group of Lorain County jurisdictions, supported by federal funding, commissioned a study to explore the feasibility of forming a regional wastewater authority in Lorain County. The study, completed in 2012, provided a high-level assessment and presented its findings to what was then called the Lorain County Regional Wastewater Authority Work Group.

In 2023, Lorain County Board of County Commissioners led renewed efforts to optimize and extend necessary sewer infrastructure in the county and consider again the benefits and feasibility of a regional wastewater authority under Ohio Revised Code (R.C.) Chapter 6119. The goal was, and remains, to provide cost-effective wastewater treatment services for the region.

In August 2023, communities from across Lorain County were invited to discuss specific scenarios where regionalization could be cost-effective under a definitive timeframe. Those entities that were willing to explore the necessity and benefits of a 6119 proceeded forward. No entity was forced to participate or barred from the conversation. As discussions continued, it became clear that, while there might be several possible opportunities or configurations for a regional district, many were not ripe enough to be able to meet the statutory burden of demonstrating necessity and benefit, with community willingness, in a definitive near-term time frame.

The discussions successfully resulted in a proposed regional wastewater authority, the proposal to establish the Central Lake Erie Regional Water Reclamation (CLERWTR) District (hereinafter referred to as "CLERWTR" or the "District") Three willing partner entities – Lorain County Board of Commissioners, the City of Avon Lake, and Lorain County Rural Wastewater District (LORCO), identified overlapping and redundant infrastructure and resolved to optimize that infrastructure now and for the future.

The partner entities undertook extensive evaluation to develop this specific configuration under a definitive implementation timeframe that will benefit all their ratepayers. This proposal involves only areas already served or are capable of being served by the Avon Lake Water Reclamation Facility.

As fully detailed below in this Plan of Operation, and in the supporting Financial Feasibility Report, CLERWTR is necessary, beneficial, and financially feasible. CLERWTR is the only entity that can bring these benefits to the ratepayers of the willing participants.

1.2 Purpose

This Plan of Operations documents the plan to provide regional water reclamation services[1] by the District. CLERWTR's principal place of business will be 201 Miller Road, Avon Lake, OH 44012, with other such principal or branch offices as may be established by the Board of Trustees of CLERWTR. CLERWTR shall provide regional wastewater conveyance and water reclamation services to wholesale customers in a cost-effective and sustainable manner at the current Avon Lake Water Reclamation Facility at 180 Shields Road, Avon Lake, Ohio 44012 (the "Facility") and such other assets as may from time-to-time be added.

1.3 Necessity

CLERWTR, as a regional wastewater authority, is necessary in order to achieve the following:

- Optimize use of existing wastewater conveyance and treatment infrastructure to regionalize water reclamation services, which will:
  - eliminate redundant or inefficient infrastructure;
  - improve water quality by maximizing high quality treatment; and
  - institute uniform treatment rates for all customers in a district or sub-district;
- Create a broad rate base to minimize costs of current water reclamation-related expenditures;
- Leverage economies of scale to meet costs of current and ever more stringent environmental regulations as cost-effectively as possible; and
- Support regional economic development through regional infrastructure master planning while preserving local development decision authority.

The letters of intent relating to this Plan of Operations are as follows:

- **Attachment 1** – Operating Agreement Letter of Intent
- **Attachment 2** – Facility Ground Lease Letter of Intent
- **Attachment 3** – Letter of Intent to Purchase Regional Conveyance Assets

[1] "Water reclamation" means the "treatment of wastewater." The terms are used interchangeably herein because the terms vary between applicable statutes and regulations.

1.3 Key Tenets (Operating Philosophies)

The key tenets of the District are as follows:

- Provide centralized water reclamation, reducing less efficient point source discharges and enhancing water quality in the Central Lake Erie region.
- Provide consistent, stable, equitable and cost-effective water reclamation rates now and under anticipated tighter regulations.
- Provide strategic flexibility to expand water reclamation services to support economic development initiatives and meet future customer needs.
- Provide greater efficiency in meeting future regulatory requirements and streamline the permitting process with regulatory agencies.

Section 2 Governance Framework

The governing board of the District shall be known as the "Board of Trustees of the Central Lake Erie Regional Water Reclamation District," "Board of Trustees of CLERWTR," "Board of Trustees," or "Board".

2.1 Board of Trustees (Composition)

The Board of Trustees of the Central Lake Erie Regional Water Reclamation District shall be comprised as detailed in the Petition for Formation ("Petition") and as listed below:

An "Initial Board of Trustees" shall be in place during the first two calendar years of operation. The makeup of the Initial Board of Trustees shall be the following:

- The Lorain County Administrator shall serve ex officio for a two-year term.
- The LORCO Executive Director shall serve ex officio for a three-year term.
- The Avon Lake Chief Utilities Executive shall serve ex officio for a four-year term.

Subsequent to the terms specified for each member of the Initial Board of Trustees outlined above, the Board shall remain comprised of three trustees, each of whom shall be selected and appointed by the following appointing entities for a four-year term:

- An appointee by Lorain County Board of County Commissioners to replace its Initial Board member;
- An appointee by the LORCO Board of Trustees to replace its Initial Board member; and
- An appointee by Avon Lake Board of Municipal Utilities to replace its Initial Board member.

Upon the expiration of a term of office of any Trustee, or in the event of a resignation, removal, or the otherwise vacancy of a Trustee's seat on the Board at any time prior to the expiration of Trustee's term, the appointing entity shall have the duty and responsibility of selecting and appointing or reappointing a replacement Trustee that adheres to all criteria for appointment as outlined in the Petition, this Plan of Operations, and any additional criteria adopted in the CLERWTR Bylaws ("Bylaws"), within 60 days of the time of vacancy. If the Appointing Entity fails to appoint a Trustee within 60 days from the time of vacancy, the duty and responsibility to appoint a Trustee reverts to the Board. The Board must adhere to all criteria for appointments as outlined in the Petition, this Plan of Operations, and any additional criteria adopted in its Bylaws. If the Board fails to appoint a Trustee after 30 days, the Lorain County Court of Common Pleas shall appoint a Trustee. If there is not a quorum for the Board to appoint a Trustee to the vacant seat, the CLERWTR Chief Executive Officer shall petition the Lorain County Court of Common Pleas to appoint the Trustee promptly.

The Board of Trustees shall have the authority to expand the Board of Trustees as the Territory or Service Area, defined *infra* in Section 3, of the District expands, only by unanimous vote of the Board of Trustees and in compliance with its Bylaws.

2.2 Board of Trustees (Requirements)

The following requirements shall be applicable to proposed trustees to the Board of Trustees after the Initial Board of Trustees:

- Be a registered voter in the State of Ohio;
- Have a vested interest in the CLERWTR Tributary Service Area. A vested interest may include being a resident, property owner, business owner, or employed by an entity operating within the CLERWTR Service Area; and
- All other requirements such as the CLERWTR Board of Trustees may include in its Bylaws.

Trustees after the Initial Board of Trustees shall not be:

- Elected officials at any level of government.
- Employees of the Facility.

2.3 Board of Trustees (Compensation)

The compensation for members of the Initial Board of Trustees shall be $0 per year for their entire respective terms.

Compensation for future Board of Trustees members may be established or changed only by unanimous vote of the Board of Trustees and in compliance with the Bylaws. Such compensation can only become effective after the current terms of all trustees voting to establish or change the compensation have expired.

Trustees shall be entitled to receive actual and necessary expenses for professional development (e.g. memberships), education (e.g. conferences) and travelling expenses incurred while on the business of the Board of Trustees.

2.4 District Administration

The Board of Trustees shall hire a Chief Executive Officer ("CEO") who will be responsible for the day-to-day administration and operations of the District. The CEO shall employ necessary personnel and oversee the execution of contracted services as required to provide the services detailed in this Plan of Operations. The operation of the District shall be in accordance with R.C. Chapter 6119 and subject to and in accordance with the terms and conditions described in this Plan of Operations, and the Bylaws.

The Bylaws, to be approved by the Board of Trustees, shall provide additional details as to operation of the District, and the powers of the CEO and Board of Trustees pursuant to the authority granted R.C. Chapter 6119 and the orders of Lorain County Court approving the petition.

Section 3 District Territory

3.1 Territory

The Territory of the District includes all the area located within the boundaries outlined in **Attachments 4a and 4b: CLERWTR Territory,** namely:

- City of Avon Lake (in its entirety).

- The service area of LORCO that comprises the Avon Lake/LORCO Phase I Facilities Planning Area (FPA) (in its entirety).

- The area tributary to the Eaton Estates Wastewater Treatment Plant operated by Lorain County, which is located within the Avon Lake/LORCO FPA.

3.2 Tributary Service Area

The Tributary Service Area of the District includes all the areas located within the boundaries outlined in **Attachments 5a and 5b: CLERWTR Tributary Service Area**. This includes all areas in the Territory outlined above and in **Attachments 4a and 4b** and those areas that are presently served, or capable of being served by sanitary sewers tributary to the Facility, which include:

- Avon Lake Water Reclamation Facility tributary service area – this includes all the current customers connected to, or future customers that may connect to local sanitary sewers in this area the flow from which is treated at the Facility. This is the northern shaded area shown in **Attachments 5a and 5b**.

- The LORCO tributary service area that comprises the Avon Lake/LORCO Phase I Facilities Planning Area (FPA) – this includes all the current customers connected to, or future customers that may connect to local sanitary sewers tributary to 4Plex Pump Station the flow from which is treated at the Facility. This is the southern shaded area shown in **Attachments 5a and 5b**.

3.3 Territory and Service Area Expansion

At any time after creation of CLERWTR, if a political subdivision whose service area is not included within the CLERWTR Territory desires to be included within CLERWTR's Territory, an application for inclusion can be submitted in accordance with R.C. 6119.05 for consideration by the CLERWTR Board of Trustees.

At any time after creation of CLERWTR, if a political subdivision whose service area is not included within the CLERWTR Tributary Service Area desires to be included within CLERWTR's Tributary Service Area, the Board of Trustees and the political subdivision may enter into contracts for service in accordance with R.C. 6119.06.

3.4 Sub-Districts

CLERWTR may divide its Territory and Service Area into sub-districts, as provided for in R.C. Chapter 6119.

Section 4 District Services (Responsibilities)

4.1 Regional Water Reclamation

The District shall provide regional water reclamation services at the Facility. CLERWTR will lease the Facility in accordance with terms consistent with **Attachment 2: Facility Ground Lease Letter of Intent** between CLERWTR and the Avon Lake Board of Municipal Utilities, aka ALRW, by and through the City of Avon Lake. **Attachment 6: Facility Site Map** provides a vicinity map showing the approximate extent of the proposed ground lease of the Facility. The Facility will be operated in accordance with applicable laws and best practices and the terms of an agreement consistent with **Attachment 1: Operation Agreement Letter of Intent** between CLERWTR and the Avon Lake Board of Municipal Utilities, aka ALRW, by and through the City of Avon Lake.

Operation Commencement

Upon approval of the Petition by the Lorain County Court of Common Pleas, the Board of Trustees shall promptly execute an Operating Agreement and Ground Lease that are consistent with **Attachment 1** and **Attachment 2,** and shall commence oversight of the operation of the Facility.

Water Reclamation Facility Operations

Avon Lake Board of Municipal Utilities shall continue to operate the Facility, pursuant to the agreement consistent with **Attachment 1**, until such time as deemed practicable by the Board of Trustees that the District, in an orderly fashion, may assume the day-to-day operations and maintenance activities.

Regulatory Coordination (NPDES Permit)

Avon Lake Regional Water currently holds Ohio EPA - National Pollutant Discharge Elimination System *Permit No. 3PD00003*. The current permit expires on December 31, 2026.

Avon Lake Regional Water, as operator of the Facility, will remain the permit holder for the Facility until such time as the Board of Trustees may deem it necessary for CLERWTR to become the permit holder and undertakes to transfer that permit or a future renewed permit. CLERWTR will not assume any permit responsibility related to any combined sewer overflow (CSO) in the Avon Lake wastewater collection system.

4.2 Regional Wastewater Conveyance

CLERWTR shall provide regional wastewater conveyance services for customers tributary to the 4Plex Pump Station and the 12" and 16" force mains assets (hereinafter, collectively, "Regional Conveyance Assets") that convey wastewater flow from the 4Plex Pump Station to the Facility for treatment.

Attachment 3: Letter of Intent to Purchase Regional Conveyance Assets provides details on the terms associated with the purchase of the assets by CLERWTR from the Avon Lake Board of Municipal Utilities. See **Attachment 7: 4Plex Pump Station** for a site map of this asset and approximate access easement and **Attachment 8** for a map of the route of the 12" and 16" force mains from the 4Plex Pump Station to the Facility.

Operation Commencement

Upon approval of the Petition by the Lorain County Court of Common Pleas, the Board of Trustees shall promptly execute the Operating Agreement and the Purchase Agreement that are consistent with **Attachment 1** and **Attachment 3**, and shall commence oversight of the operation of the Regional Conveyance Assets.

Regional Wastewater Conveyance Operations

Avon Lake Board of Municipal Utilities shall continue to operate the Regional Conveyance Assets, pursuant to the agreement consistent with **Attachment 1** until such as time deemed practicable by the Board of Trustees that the District, in an orderly fashion, may assume the day-to-day operations and maintenance activities.

4.3 Regional Infrastructure Master Planning

The District shall have the authority to develop regional wastewater master plans regarding treatment and collection and conveyance services which may include plans for local wastewater collection and conveyance facilities and systems pursuant to R.C. Chapter 6119. The District regional wastewater master planning activities may include the development of short-term and long-term plans to support meeting current and future regulatory requirements, identify alternatives for effective and efficient regional water reclamation capacity and sewer service expansion and support applicable economic development initiatives.

Regional wastewater master planning activities may include modeling activities, as needed, to support future sewer service expansion or facility consolidation scenario planning activities. Additionally, regional wastewater master planning activities may look for opportunities to evolve and enhance water reclamation services to maximize protection of the environment, including watercourses and Lake Erie. CLERWTR shall look to collaborate with local authorities and support local water reclamation planning efforts, such as partnering on performing comprehensive sewer system evaluation studies.

The Board of Trustees may enter into professional service agreements with external consultants to provide regional water reclamation master planning services.

4.4 Construction of Facilities

Regional Water Reclamation and Conveyance Facilities

The District shall have all authority granted under R.C. Chapter 6119 to plan, finance, construct, operate, maintain and control all regional water reclamation facilities and necessary wastewater conveyance facilities – such as pump stations, force mains and interceptor sewers and all other facilities of the District.

Cost Allocation – Existing Service Area

Costs associated with the construction of regional wastewater treatment and conveyance facilities as needed to meet regulatory requirements and the needs of the customers in the District's Territory and Service Area (**Attachments 4 & 5**) will be the responsibility of the District and the costs shall be borne by all users of the District or sub-district.

Cost Allocation – Expansion of Territory or Service Area

The Board of Trustees may determine that costs for planning, design and construction of enhancements or expansions to the original regional water reclamation and conveyance facilities as needed to provide wastewater conveyance and treatment services to meet the needs of new service areas will be the responsibility of those in the new service area. The Board may create sub-districts for this purpose.

4.5 Administration – Professional Services

The Board of Trustees from time-to-time may enter into agreements with external service providers to obtain professional services that it may find necessary to support the successful implementation and ongoing operation of the District.

4.6 Services Not Provided

Locally-owned Water Reclamation and Conveyance Facilities

Except as set forth in the agreements consistent with **Attachments 1 & 2**, local political subdivisions will retain ownership, authority and control over their locally-owned wastewater collection systems. The District may collaborate with owners of locally-owned water reclamation and wastewater collection system facilities, where appropriate and agreed upon, to maximize benefits and efficiencies in construction of such facilities to meet overall regional regulatory requirements and environmental benefits.

CLERWTR may finance the planning, construction, operation, maintenance, and repair of local wastewater collection facilities and systems as provided for in R.C. 6119, but only when mutually agreed upon between CLERWTR and the respective local political subdivision.

Local NPDES Permit Requirements (MS4, CSO, SSO)

Except by agreement specified in Section 4.6, the District will not assume any regulatory requirements related to any local sanitary collection system or any municipal separate storm sewer system (MS4) requirements. These obligations shall remain the responsibility of the local permittee and owner.

Local or Regional Stormwater Management Responsibilities

The District will not assume or provide any local or regional stormwater management responsibilities unless those are requested by local political subdivisions, approved by the Board of Trustees and the governing bodies of the requesting political subdivisions, and approved by the Lorain County Court approving the petition as a necessary and beneficial addition to this Plan of Operations.

Section 5 Budget, Financing & Rates

5.1 Startup Financing

To provide startup funds for CLERWTR activities, fund advancements will be provided by Avon Lake Board of Municipal Utilities as set forth in the Operating Agreement consistent with **Attachments 1**.

CLERWTR shall reimburse Avon Lake Board of Municipal Utilities for all CLERWTR startup funding from the date of Court approval as set forth in the Operating Agreement consistent with **Attachments 1**.

Startup funds will cover the following:

- Facility Operating Costs (e.g., personnel and operating expenses)
- Regional Conveyance Assets Costs (e.g., operating and capital expenses)
- CLERWTR Administration Costs (e.g. salary, hardware & software, professional services contracts)

Adequate funds are in the current Avon Lake Board of Municipal Utilities budget to cover operating costs during the CLERWTR startup period.

5.2 Budget

Avon Lake Board of Municipal Utilities, as the operator of the Facility, will establish an annual Operating Budget and the Board of Trustees will review and approve the annual Operating Budget for the necessary operation of the Facility and Regional Conveyance Assets as set forth in the Operating Agreement consistent with **Attachments 1**. The Board of Trustees shall create the necessary budgets for all capital improvements projects for the Facility and Regional Conveyance System. CLERWTR budgets must balance annually.

5.3 Billing Approach

CLERWTR upon startup will calculate regional water reclamation fees using the following approach:

Wholesale Customers

Customers will be billed based on master meter (wholesale) approach, and the wholesale customers retain responsibility for billing of individual retail accounts of businesses and residences connected to their respective local wastewater conveyance systems. Wholesale billing will be for the total amount of flow sent to the Facility for treatment as measured utilizing master meters. The initial wholesale customers of CLERWTR are as follows:

- Avon Lake Regional Water.
- LORCO.
- Lorain County (Eaton Estates), when Lorain County decommissions the Eaton Estates Package Plant and connects to the LORCO sanitary sewer system.

Regional Water Reclamation Fee

The CLERWTR Board of Trustees shall set the rates charged to wholesale customers for regional water reclamation services. All wholesale customers within a designated district (or sub-district) shall be charged the same treatment rate.

The regional water reclamation fees charged to a customer will consist of two (2) components:

- Water Reclamation Fee – Wholesale customers will be charged a Water Reclamation Fee based on their total volume of flow received for treatment at the Facility. For example, this fee can be calculated as follows:
  - **Water Reclamation Fee = Volumetric Treatment Rate * Treated Flow Volume**

- Fixed Fee per Retail Connection – Wholesale customers will be charged a fixed fee based on the number of retail connections (individual customer connections to local collection system).

The Board of Trustees may institute new rates as needed at any time in order to meet the revenue requirements of the District. The Board of Trustees may from time to time amend this rate structure, within the limits of R.C. Chapter 6119 and other Ohio law.

The District shall have all authority to establish charges, fees, and rentals, as permitted under Ohio law.

Attachments

Attachment 1: Operating Agreement Letter of Intent

Attachment 2: Facility Ground Lease Letter of Intent

Attachment 3: Letter of Intent to Purchase Regional Conveyance Assets

Attachment 4a: CLERWTR Territory
Note: The map in this attachment shows the entirety of Lorain County

Attachment 4b: CLERWTR Territory
Note: The map in this attachment is zoomed into eastern portion of Lorain County

Attachment 5a: CLERWTR Tributary Service Area
Note: The map in this attachment shows the entirety of Lorain County

Attachment 5b: CLERWTR Tributary Service Area
Note: The map in this attachment is zoomed into eastern portion of Lorain County

Attachment 6: Facility Site Map

Attachment 7: 4Plex Pump Station

Attachment 8: Force Mains between 4Plex Pump Station and Facility

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Attachment 1

_____, 2025

RE: LETTER OF INTENT BETWEEN CENTRAL LAKE ERIE REGIONAL WATER RECLAMATION DISTRICT AND AVON LAKE BOARD OF MUNICIPAL UTILITIES

Dear Central Lake Erie Regional Water Reclamation District Board:

The following summarizes the terms for the intent to agree, in which the proposed R.C. 6119 regional wastewater political subdivision, Central Lake Erie Regional Water Reclamation District ("CLERWTR") intends to be established for the purpose of treatment and regional conveyance of wastewater, and Avon Lake Board of Municipal Utilities, AKA ALRW, by and through the City of Avon Lake ("Operator") agrees to operate the water reclamation facility at 180 Shields Rd., Avon Lake, Ohio 44012 and the hydraulically connected regional conveyance assets.

This is a Letter of Intent only and not a binding agreement for operation. When approved by the parties, this letter is an indication of the good faith intent of the parties to endeavor to agree to an Operating Agreement on the terms set forth below.

TERM SHEET FOR AGREEMENT OF OPERATION OF THE REGIONAL WASTEWATER TREATMENT FACILITY

1. PURPOSE:	CLERWTR, if approved by the Lorain County Court of Common Pleas, shall be established under Chapter 6119 of the Ohio Revised Code to carry forward the declared public policy of the State of Ohio to provide for the regional conveyance and treatment of wastewater within and without the applicable district to ensure rates and assessments are fair and reasonable to all rate payers in the system. Operator and CLERWTR intend to enter into an agreement for the operation of the regional wastewater treatment facility and the hydraulically connected regional conveyance assets (collectively, the "Regional Sanitary Wastewater System").
2. REGIONAL SANITARY WASTEWATER SYSTEM	The Regional Sanitary Wastewater System includes the water reclamation facility and property at 180 Shields Rd., Avon Lake, Ohio 44012 ("Facility"), along with the hydraulically connected regional conveyance assets. CLERWTR is to lease the Facility and property from Operator pursuant to the lease agreement. CLERWTR shall purchase the regional conveyance assets, which includes the 4Plex lift station and 12" and 16" diameter force mains located on the leased real property at 38401

Royalton Road, Grafton, Ohio 44044, pursuant to a purchase sale agreement.

3. TERM: The Term is approximately five (5) years, beginning as of the effective date of the operating agreement, and ending upon December 31, 2030, with the option of up to eight (8) extensions of five (5) years each.

4. OPERATION Operator is to operate, maintain, and manage the Regional Sanitary Wastewater System in good repair and operating condition continuously in an economical and efficient manner, in compliance with all applicable laws, rules, and regulations, and to make all non-capital repairs, renewals, replacements, and improvements as shall be necessary in order to maintain adequate service to the service area.

5. BUDGET Operator is to create an annual operating budget to submit to CLERWTR Board of Trustees for review and approval for the Operating Budget for the following year. Operator is to operate, maintain, and manage the Regional Sanitary Wastewater System pursuant to the submitted operating budget.

6. RATES AND BILLING CLERWTR is to set rates for wholesale customers and shall issue bills to the wholesale customers on a monthly basis. Bills will be based on master meter readings completed by a third-party contractor.

7. ACCOUNTING Operator is to manage a custodial account on behalf of CLERWTR for which payments from customer billing will be deposited. Operator is to submit invoices to CLERWTR for operating expenses pursuant to the operating budget to CLERWTR and withdraw funds for the bill from a custodial account. Operator shall keep three months' operating expenses in the custodial account with all amounts over the three months' operating expenses transferred into a CLERWTR-controlled account.

8. EMPLOYEES All employees of the Facility shall be Operator employees. CLERWTR shall have a Chief Executive Officer.

9. TERMINATION Either party may terminate the operating agreement with one hundred and eighty days prior written notice, or such time as otherwise agreed upon by both parties.

10. NON-BINDING: This LOI is intended solely as a preliminary expression of general intentions of the parties and is to be used for discussion purposes only. The parties agree that this LOI is not intended to

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create any legally binding agreement and imposes no duty on either party to continue negotiations. The parties intend that neither party shall have any contractual obligation or liability to the other party with respect to the matters referred to herein.

Respectfully yours,

OPERATOR:

Avon Lake Board of Municipal Utilities
By and Through the City of Avon Lake

By: _____

Its: _____

Date: _____

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Attachment 2

_____, 2025

Re: Letter of Intent to Enter into a Ground Lease for the Facility located at 180 Shields Road, Avon Lake, Ohio

Dear Central Lake Erie Regional Water Reclamation District Board:

The following is the basis upon which Central Lake Erie Regional Water Reclamation District, ("CLRWTR" or "Lessee") proposes to lease the Avon Lake Reclamation Facility located at 180 Shields Road (the "Facility") from Avon Lake Board of Municipal Utilities, AKA ALRW, by and through the City of Avon Lake ("Lessor").

This is a Letter of Intent only and not an offer to purchase. When approved by both parties, this letter is an indication of the good faith intent of the parties to endeavor to agree to a Ground Lease on the terms set forth below. However, this Letter of Intent is not legally binding on either party, notwithstanding anything to the contrary in this letter, except for the last paragraph of this letter.

The terms and conditions of this Letter of Intent are as follows:

1.	Property:	The property shall consist of the Facility, including all easements, assets and pipes for the plant discharges to Lake Erie.
2.	Term:	The Term of the Lease shall be for a period of thirty (30) years (the "Term"), beginning on the effective date of the Ground Lease and ending on December 31, 2054, unless extended. CLERWTR shall be granted seven (7) extensions of ten (10) years each, which shall be exercised by providing written notice to Lessor as early as five (5) years before the expiration of the then current term or extension but no later than one (1) year before the expiration of the then current term or expiration.
3.	Consideration:	In consideration for the leasing of the Facility, CLERWTR agrees to pay base rent of $2.00 annually on the anniversary of the effective date of the Ground Lease. In addition, CLERWTR agrees to assume and pay the Ohio Water Development Authority Loan Nos. 7349 and 9170 issued to and secured by Lessor to finance the Facility.

4.	Option to Purchase:	CLERWTR shall have the option to purchase the Facility at a price of $74,000,000.00 minus the cost of any capital improvements made by CLERWTR prior to the closing date for the purchase of the assets, and minus all CLERWTR payments made for debt assumed for the Facility. In addition, CLERWTR shall have the option to purchase the outfall owned by Lessor which begins at the Facility and follows public rights-of-way and State-leased submerged lands, and discharges to Lake Erie via a submerged diffuser located roughly 1,200 feet offshore at the cost of $2,783,000 minus the cost of any capital improvements made by CLERWTR prior to the closing date for the purchase of the outfall.
5.	Operation of the Facility:	CLERWTR shall contract with an operator to operate and maintain the Facility and the regional wastewater conveyance system which is connected into the Facility (collectively, "Regional Sanitary Wastewater System"). The contract operator shall operate and maintain the Regional Sanitary Wastewater System in an economical and efficient manner, pursuant to an operating agreement between CLERWTR and the contracted operator. CLERWTR or its contractor operator shall make all necessary repairs and improvements as necessary to provide adequate sanitary wastewater service.
6.	Rates and Charges:	CLERWTR shall establish, publish, maintain, enforce and collect rates and charges on the Regional Sanitary Wastewater System, in such amounts to pay the operating expenses, rent under the Ground Lease, debt service, and any additional amounts required for CLERWTR to operate in a financially feasible manner.
7.	Ownership:	Unless CLERWTR exercises any purchase option as provided for in the Ground Lease, all assets, additions, improvements, and fixtures of the property and the Facility shall remain the property of Lessor.

This Letter of Intent is intended to be and shall constitute a non-binding Letter of Intent only. This Letter of Intent does not constitute a contract or offer to sell, purchase, or lease the Facility or any property. Except as expressly provided in this letter, neither CLERWTR or Lessor may claim any legal rights against the other by reason of any actions taken in reliance upon this non-binding Letter

of Intent, including, but not limited to, any partial performance of the transaction contemplated herein, promissory estoppel or otherwise.

Respectfully yours,

LESSOR:

Avon Lake Board of Municipal Utilities
By and Through the City of Avon Lake

By: _____

Its: _____

Date: _____

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Attachment 3

_____, 2025

Re: Letter of Intent to Purchase Regional Conveyance Assets

Dear Central Lake Erie Regional Water Reclamation District Board:

The following is the basis upon which Avon Lake Board of Municipal Utilities, AKA ALRW, by and through the City of Avon Lake ("Seller") proposes to sell to you, Central Lake Erie Regional Water Reclamation ("Purchaser") the Regional Sanitary Wastewater Assets located at 38401 Royalton Road, Grafton, Ohio, and the relevant appurtenances and rights described in this Letter of Intent (this "LOI").

The property shall consist of the Regional Sanitary Wastewater Assets, including all permanent improvements, structures, fixtures, permanent additions, enlargements, extensions, easements, and modifications of the 4Plex lift station and 12" and 16" diameter force mains (collectively, the "Property") located on the leased real property at 38401 Royalton Road, Grafton, Ohio 44044, parcel number 1100096000005, and which runs length between the 38401 Royalton Road and Avon Lake Water Reclamation Facility at 180 Shields Road, Avon Lake, Ohio 44012.

The Property was valued at a reproduction new cost of $17,848,000. Purchaser will pay Seller $11.1 million with interest on an agreed upon extended schedule based on the affordability. Purchaser will also assume all obligations under Ohio Water Development Authority Loan No. 5164, including the payment obligations of the outstanding $6.7 million loan principal.

This LOI is intended to be and shall constitute a non-binding letter of intent only. This LOI does not constitute a contract or offer to sell or purchase the Property. Except as expressly provided in this LOI, neither Seller nor Purchaser may claim any legal rights against the other by reason of any actions taken in reliance upon this LOI, including, but not limited to, any partial performance of the transaction contemplated herein, promissory estoppel or otherwise.

Respectfully yours,

SELLER:

Avon Lake Board of Municipal Utilities
By and Through the City of Avon Lake

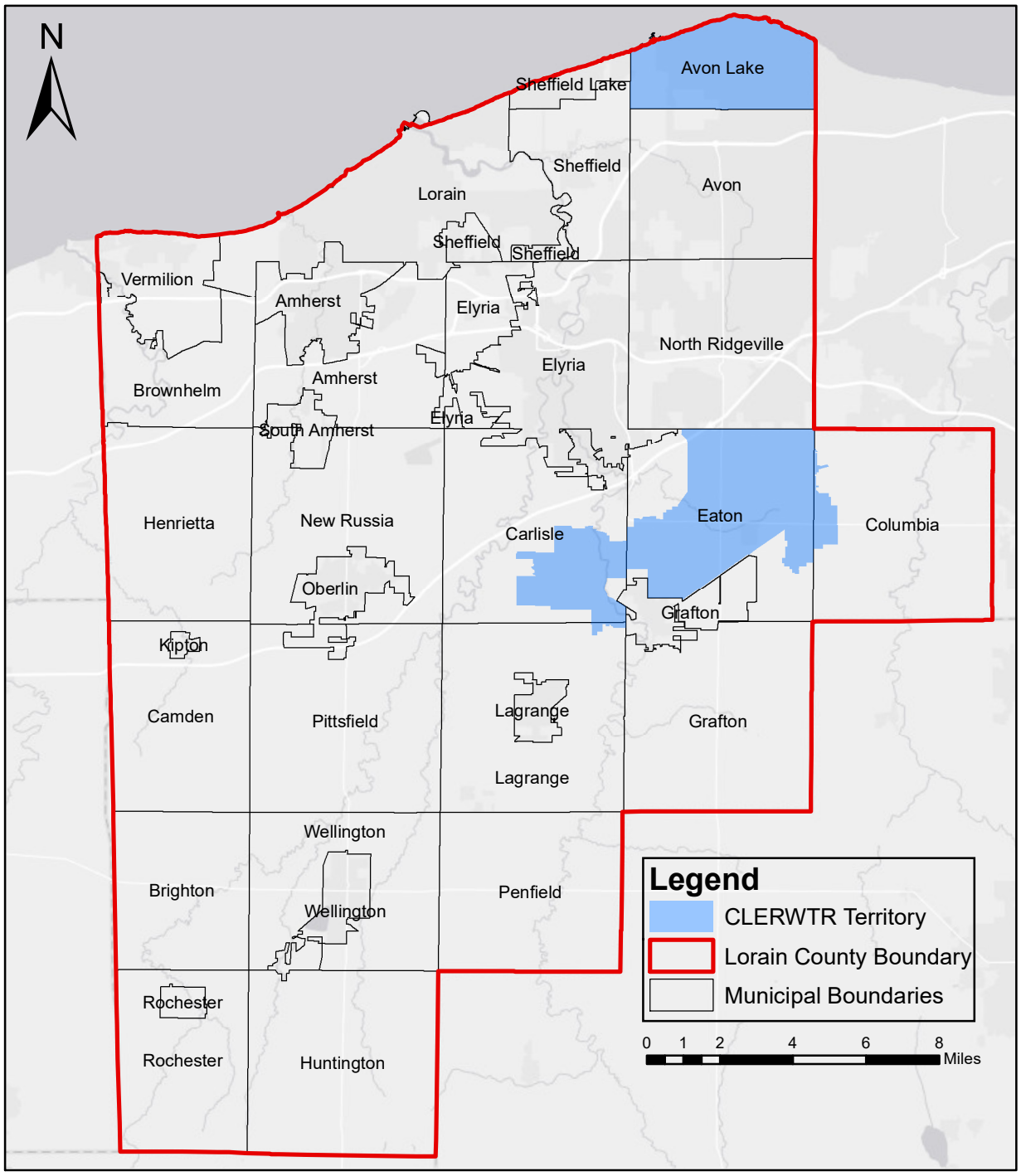
By: _____

Its: _____

Date: _____

DRAFT

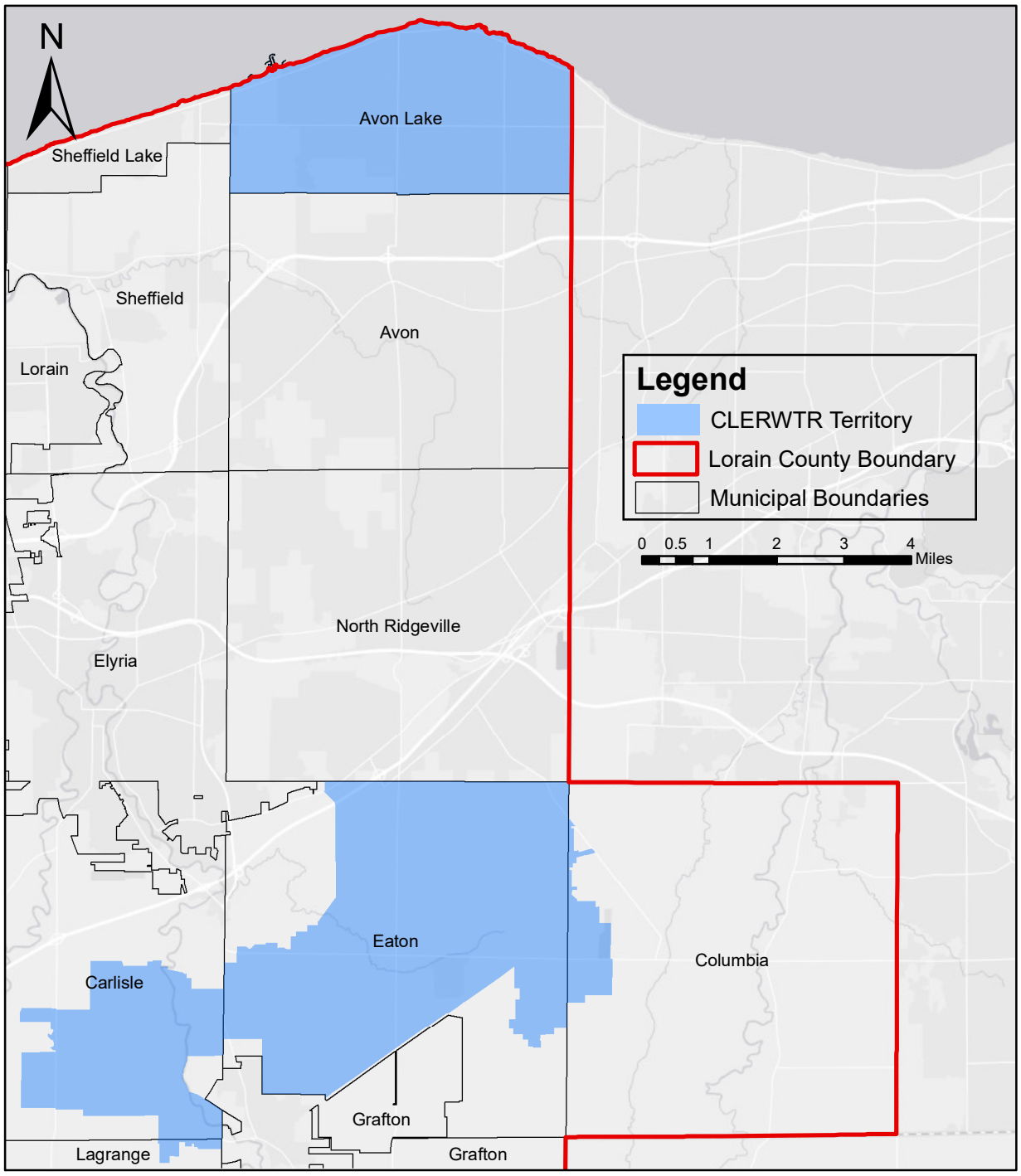
Attachment 4a: CLERWTR Territory



Notes
Map Data = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

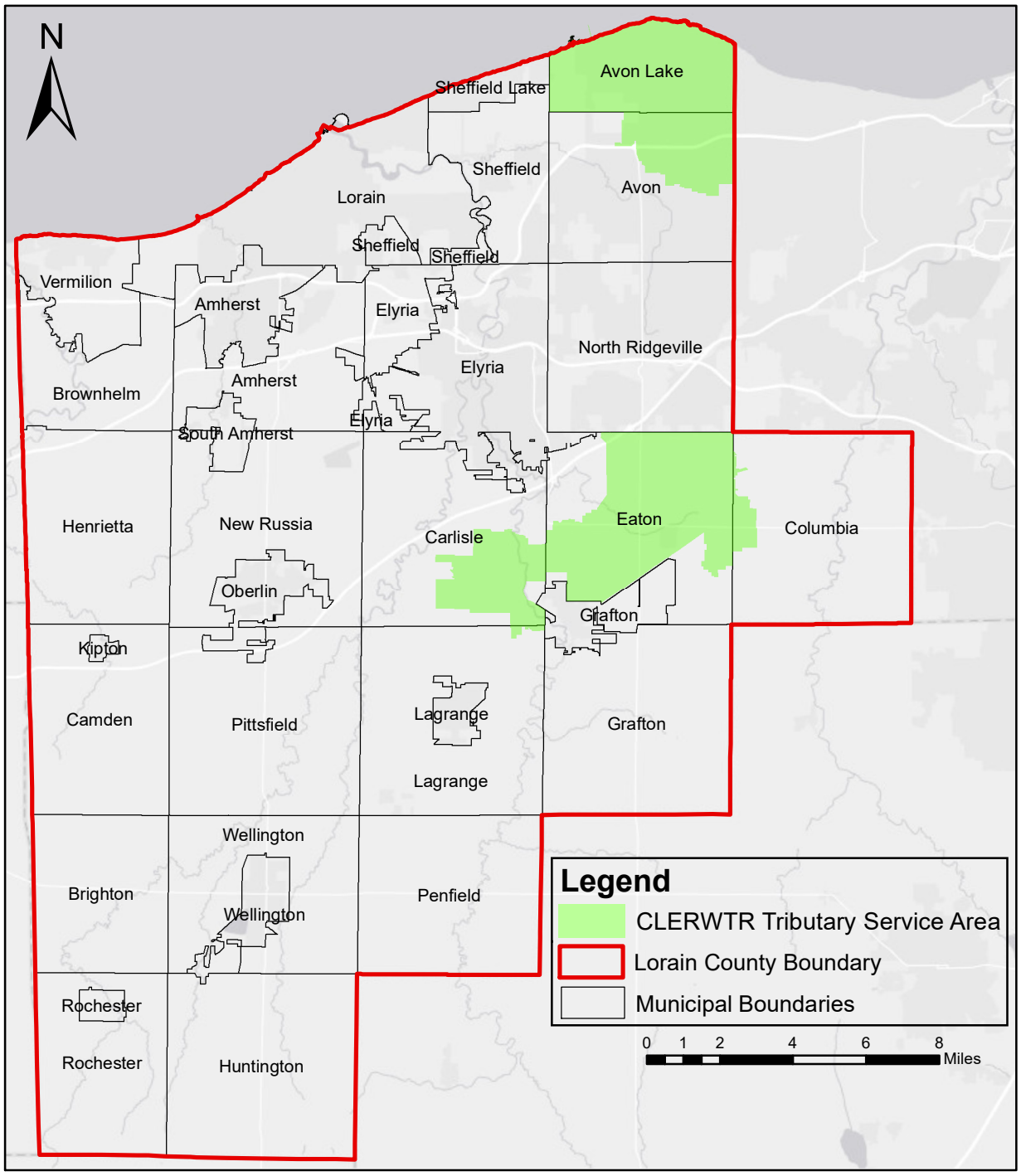
Attachment 4b: CLERWTR Territory



Notes
Map Data = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

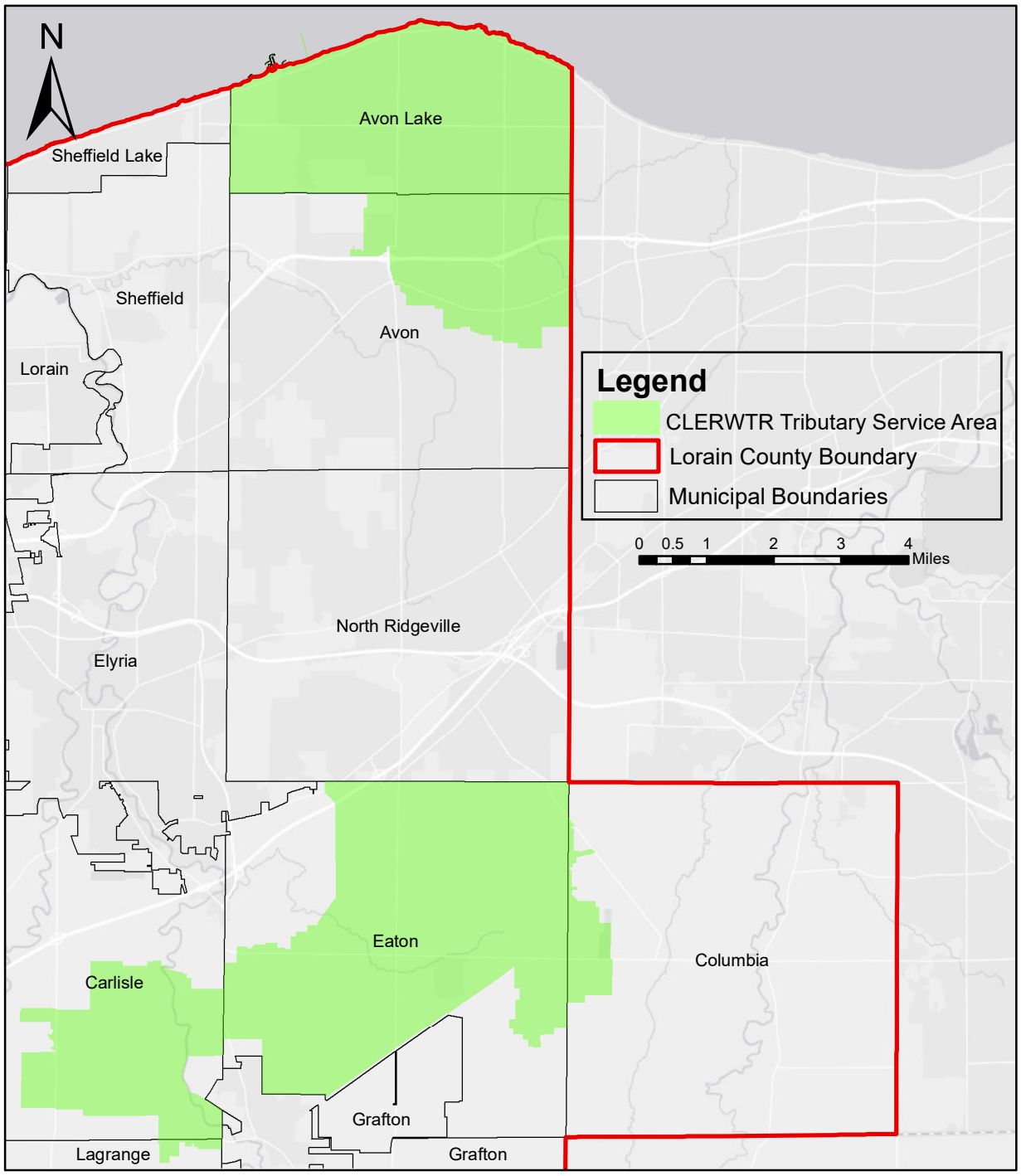
Attachment 5a: CLERWTR Tributary Service Area



Notes
Map Data = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

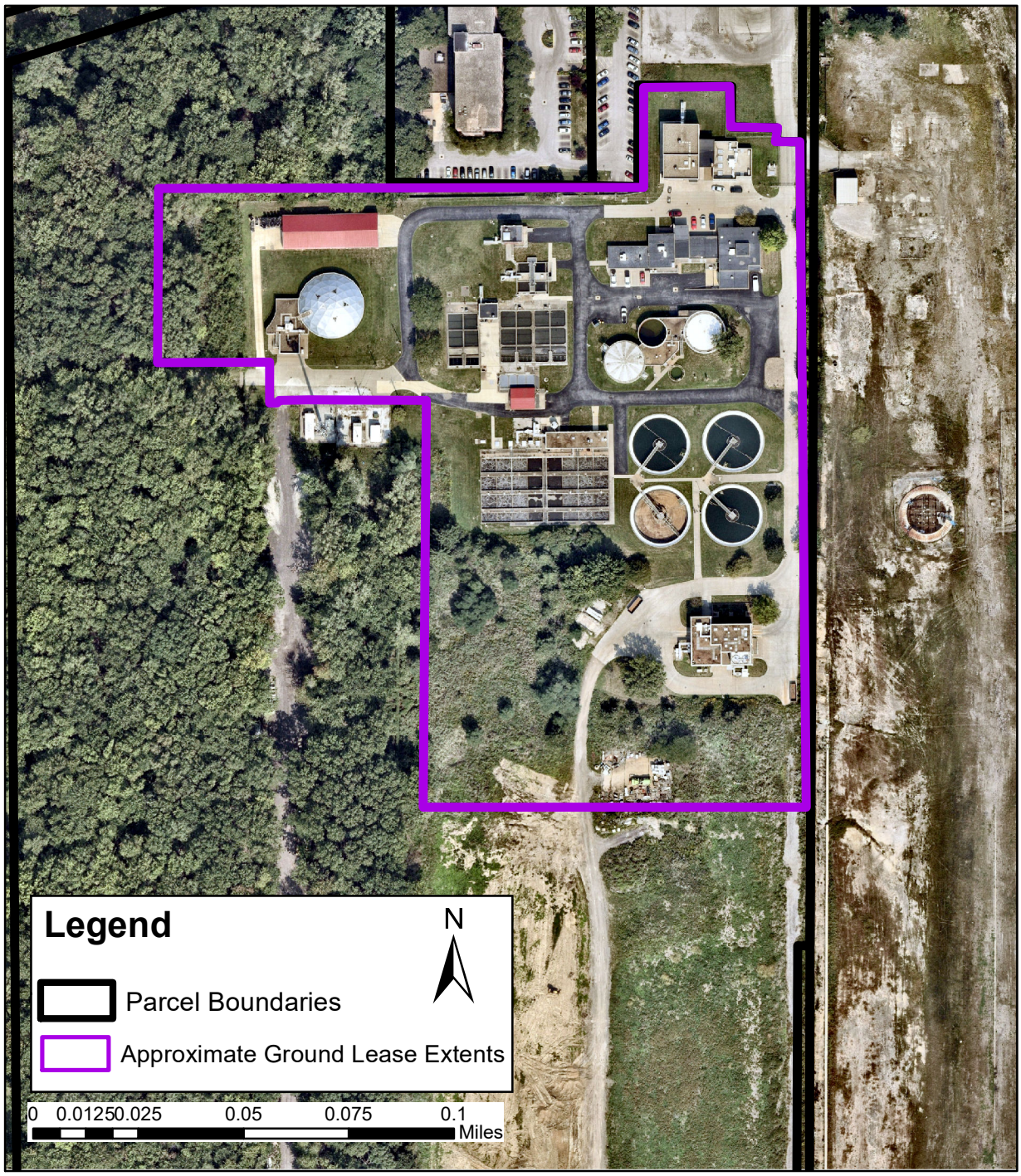
Attachment 5b: CLERWTR Tributary Service Area



Notes
Map Data = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

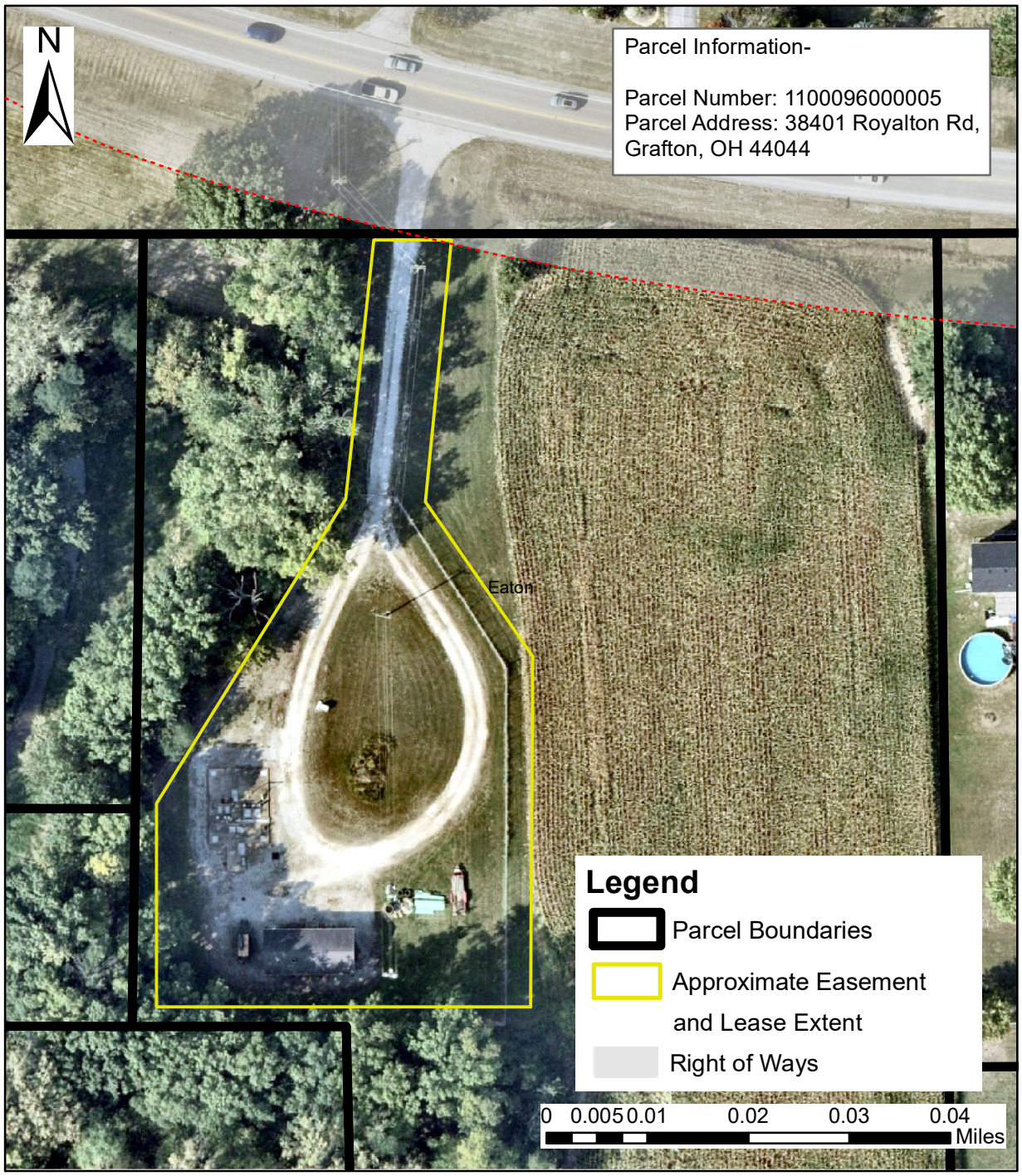
Attachment 6: Facility Site Map



Notes
Map Date = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

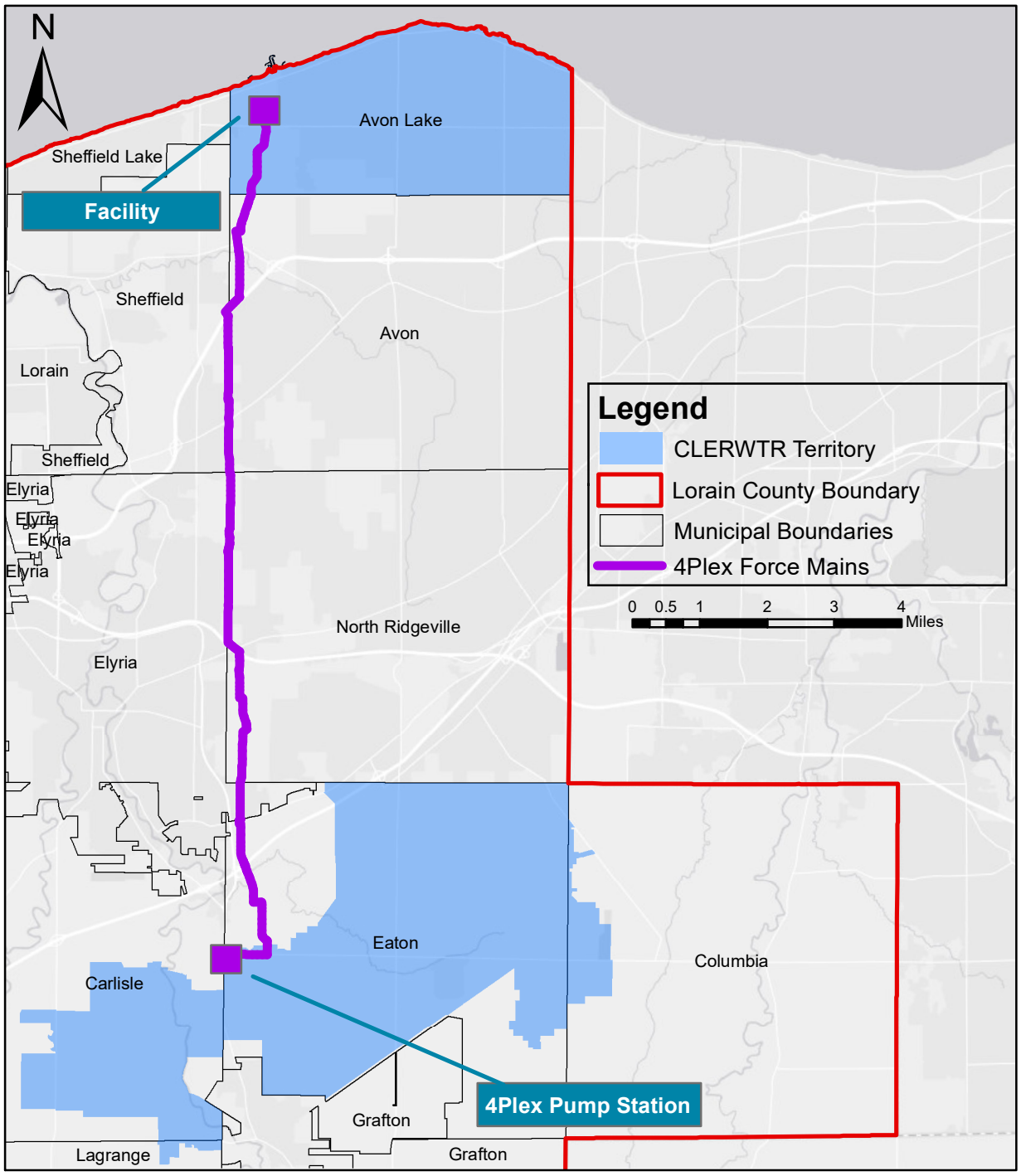
Attachment 7: 4Plex Pump Station



Notes
Map Date = July 2025
Map is not printed to exact scale
Refer to Exhibit B of the 12/9/2009 lease between Spitzer and LORCO for easement details.

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic

Attachment 8: Force Mains between 4Plex PS and Facility



Notes
Map Date = July 2025
Map is not printed to exact scale

Coordinate System: NAD 1983 StatePlane Ohio North FIPS 3401 Feet
Projection: Lambert Conformal Conic