

Cecil Township Municipal Authority  
Monthly Meeting  
June 3, 2004

The Cecil Township Municipal Authority held its' regular monthly meeting on Thursday, June 3, 2004 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:30 PM with Donald Teyssier, Adam Ferragonio and George Elish present. Absent was Stephanie Lucchino. Also present was Dan Deiseroth, Gateway Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF MAY 6, 2004

The Board approved by unanimous vote the minutes of the May 6, 2004 meeting on motion by Donald Teyssier and second by George Elish.

2003 AUDIT REPORT

Mr. Steven Cypher – Cypher & Cypher CPA presented the 2003 audit report to the Board. The balance sheet reflects equity of \$4,777,638, of which, \$3,453,238 are retained earnings and total liabilities of \$335,344. He stated user fees were \$986,759. The administrative expenses were \$105,093 and the operation and maintenance expenses were \$590,129 both lower than those reported in 2001 and 2002.

In the management letter, Mr. Cypher discussed risk management, and in particular, cash and deposit security and a disaster recovery plan. He recommended a review of existing collateral agreements and development of a strategy on the Authority's cash and investment policies. The recovery plan should include steps for preserving and rebuilding financial data.

The issue of separation of duties was discussed with the understanding that staff size limits the options available. He stated that two areas have greatly assisted in this area – the billing and collection system handled by PA-American Water Company and cash disbursements which require the signatures of two officers.

Mr. Cypher stated the financials are in compliance with GASB # 34. The infrastructure and capitalization issues will be reviewed within the next two months. As a part of the 2004 audit, a management letter will be required on the year's activities.

Mr. Cypher stated the Authority is financially sound. He indicated the financial statements beginning with 2004 would be impacted due to the Millers Run debt. He stated income generated must be sufficient to cover debt service, depreciation expense and general expenses.

George Elish inquired on an appropriate level for cash. Steven Cypher will obtain data for both government and the private sector and discuss with management an appropriate position taking into consideration the impact of the 2004 bond issue.

### ENGINEER'S REPORT

#### SIGNING PRE-DEVELOPER AGREEMENT FOR MORGANZA ROAD/SOUTHPOINTE FEASIBILITY STUDY

Walter O'Shinski advised the Board that a signed pre-developer agreement and a check for \$1,000.00 was received from Gary Martin. A motion approving the signing of the pre-developer agreement was made at the April 2004 meeting. Dan Deiseroth will arrange a meeting with PA DEP and Canonsburg-Houston Joint Authority.

#### UPDATE ON MILLER'S RUN PROJECT

Mr. Kevin Hoffman presented his report to the board. He stated a response to PA DEP letter of May 10, 2004 will be provided by June 9, 2004. Kevin Hoffman stated the bid documents are being prepared for the treatment plant and pump stations.

Mr. Dan Deiseroth presented to the Board a progress report dated May 27, 2004 on the Millers Run project. The legal descriptions are being finalized on the treatment plant and pump station sites. The gas company has not responded to our request for information.

The Geotechnical Engineers' report is being finalized. The report will provide recommendations and estimated costs. The Klinger Road pump station site elevations were revised based on Walter O'Shinski comments.

Dan Deiseroth expressed concerns on the final cost estimates. The oil market pricing could impact on such products as PVC pipe, concrete and gasoline for trucks.

The planning module to service old Millers Run Road through South Fayette, has been approved by PA DEP. The EPA requested additional information on the grant application. The 537 Study reimbursements should be received soon from PA DEP.

Dan Deiseroth stated the assessment plans and right of ways will be completed by June 30, 2004.

Mr. George Elish questioned the Millers Run tap-in fee and front footage assessment fee calculations. Kevin Hoffman stated Act 203 governs the tap-in fee. Dan Deiseroth stated the front footage assessment fee is to pay a portion of the pipe costs estimated at \$75.00 per foot. Mr. Donald Gennuso stated the Board would decide on the project fees and a time schedule for paying the same at a later date.

## DISCUSS LAWRENCE ACT 537 STUDY

Walter O'Shinski advised the Board of a meeting with PA DEP and Peters Township Municipal Authority. Walter O'Shinski and Dan Deiseroth are preparing a scope of work to be completed and the report will be presented at the July 1, 2004 meeting.

## DISCUSS ORIGINAL AGREEMENT WITH WASHINGTON COUNTY REDEVELOPMENT AUTHORITY FOR SOUTHPOINTE

Mr. George Elish referred to the cooperation agreement between Washington County Redevelopment Authority and the Authority dated January 1992.

George Elish questioned why the lines were not upsized to accommodate additional growth in the area. Donald Gennuso stated the Redevelopment Authority was not interested in upsizing the lines and only interested in building lines for their planned business park. Walter O'Shinski stated the Authority was not in the position financially to assume debt to upsize the lines at that time.

Donald Gennuso stated the Authority has provided additional capacity for projects in the past. The Cherrybrook plant, as an example, was built with additional capacity at the Authority's request and paid for by the Authority. He stated that each project has and will be evaluated individually considering costs, future growth, etc.

## ENGINEERING CONTRACT FEE – MILLERS RUN PROJECT

Dan Deiseroth presented to the Board issues related to cost overruns on engineering for the Millers Run project. Walter O'Shinski confirmed that work costing \$24,409 was not in the original scope of work. He further stated that the \$20,800 requested by Gateway Engineers has merit. He indicated the aerial mapping was completed in 1997 and the PA DEP issues with the Fleeher system delayed work on the design by two years. The original proposal presented in January 2001 should have been updated and the issues readdressed to the Board previously.

The Board by unanimous vote on motion by George Elish and second by Donald Teyssier authorized paying an additional \$45,209.50 to Gateway Engineers for engineering fees on the Millers Run project

## BUSINESS MANAGER'S REPORT

### AUTHORIZE RESOLUTION 4 OF 2004 – INVESTMENT OF 2004 SEWER GUARANTEED REVENUE BONDS – CONSTRUCTION FUNDS

The Board on unanimous vote on motion by Donald Teyssier and second by Adam Ferragonio authorized Resolution 4 of 2004 the investment of 2004 sewer

guaranteed revenue bonds construction funds totaling \$5,805,914.43 at 2.25 percent with First Commonwealth Bank, Trustee.

#### AUTHORIZE RESOLUTION 5 OF 2004 – INVESTMENT OF 2004 SEWER GUARANTEED REVENUE BONDS – DEBT SERVICE FUND

The Board on unanimous vote on motion by Donald Teyssier and second by George Elish authorized Resolution 5 of 2004 the investment of 2004 sewer guaranteed revenue bonds debt service funds totaling \$723,336.96 with interest ranges from 1.25 to 2.85 percent in certificates of deposits with First Commonwealth Bank, Trustee maturing at six month intervals beginning in September 2004 through September 2006.

#### AUTHORIZE SIGNING TWO INVESTMENT AGREEMENTS FOR THE PLACEMENT OF CONSTRUCTION AND DEBT SERVICE FUNDS

The Board on unanimous vote on motion by Donald Teyssier and second by Adam Ferragonio authorized signing two agreements with First Commonwealth Bank for the placement of the construction and debt service funds as agreed to in Resolution 4 and 5 of 2004.

#### AUTHORIZE TO SOLICIT BIDS FOR INVESTMENT OF DEBT SERVICE RESERVE FUNDS

The Board on unanimous vote on motion by Donald Teyssier and second by George Elish authorized for bids to be accepted by PNC Capital Markets for the placement of the Debt Service Reserve Fund. The DSRF is \$571,457.62 for the term of the bond issue. The bids will be due on Monday, June 7, 2004 at 11:00 AM. The Authority will absorb no costs.

#### DISCUSS REQUEST FROM CECIL TOWNSHIP SUPERVISORS FOR DRAFT BOARD MINUTES

Dennis Bell discussed with the Board a request for draft minutes from Cecil Township Supervisors. Patric Boyer stated his position that minutes should not be available until adopted by the Board. He will address the issue in a letter to the township manager.

#### APRIL 2004 FINANCIAL REPORT

Dennis Bell discussed the financials for April 2004 making a comparison to the March 2004 report. He stated total customers billed were 1756 in April compared to 1726 in March. The user fees billed were higher in April by approximately \$26,000 and accounted for by usage consumption in April of 11,384,200 gallons compared to 7,414,800 gallons in March. The commercial and residential usage reflect additional consumption of approximately 2,000,000 gallons each between the two billing period. Dennis Bell stated he would investigate with PA-American Water Company on what

could cause the differences. The expenses for April were \$76,245 compared to March expenses of \$76,432. Dennis Bell reported the May 2004 expenses were \$108,854 due to the quarterly payment for treatment to the Canonsburg-Houston Joint Authority.

Dennis Bell reported that landlord notification letters were mailed to 47 property owners in April 2004 and valued at \$3,786. The May 2004 notification letters totaled 22 and valued at \$3,002.

### CORRESPONDENCE

Correspondence for the month was reviewed for filing.

Mr. George Elish commented on the letter from Don Hindman to Pat Smider requesting clarification on the issuing of occupancy permits if there are outstanding sanitary sewer related issues. The Board suggests Patric Boyer discuss the issue with Pat Smider.

Mr. George Elish commented on the increase in dental costs for the next year. He expressed concerns on the general trend in healthcare costs and suggested a plan be adopted on current and future staff. Donald Gennuso stated the issue can be discussed when the current plan is renewed.

### PAYING OF EXPENSES/TRANSFER OF FUNDS, ETC.

A unanimous vote on motion by George Elish and second by Donald Teyssier the Board authorized payment of expenses and transfers as follows.

Brush Run Expense/Transfer MM to Checking  
Teodori Expenses/Transfer MM to Checking  
Southpointe Expenses/Transfer MM to Checking  
CherryBrook Expenses/Transfer MM to Checking  
Gilmore Expenses/ACH Debit and PNC Requisition  
Employee Time Reports/Payroll  
941 E Tax Deposit  
Payment of Invoices  
Discharge Monitoring Reports were approved for submission to the PA DEP.

### COMMENTS FROM THE FLOOR

Dominic DiMatteo commented on the income generated by the Authority as stated during the audit presentation. He stated the residents in Brush Run were due a rate reduction as new homes were built and tapped into the system. Dan Deiseroth stated the

Authority has a uniform rate for the entire township. He requested consideration be given to lower the user rates.

#### EXECUTIVE SESSION

The Board entered into executive session at 9:05 PM to discuss property acquisitions for the Millers Run treatment plant and pump stations. The Board returned to regular session at 9:45 PM

#### AUTHORIZE SETTLEMENT OF PROPERTY ACQUISITIONS

The Board, having returned to the general session, on motion by George Elish and second by Adam Ferragonio and by a vote of three to one authorized Patric Boyer to attempt to negotiate the property acquisition issues based on the parameters discussed in the executive session. Donald Teyssier abstained from the vote.

#### ADJOURNMENT

There being no other business on unanimous vote on motion by George Elish and second by Donald Teyssier the meeting was adjourned at 9:55 PM. The next regular meeting is scheduled for Thursday, July 1, 2004 at 7:30 PM.

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Secretary