

Cecil Township Municipal Authority
Reorganization and Monthly Meeting
January 5, 2006

The Cecil Township Municipal Authority held its' reorganization and regular monthly meeting on Thursday, January 5, 2006 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:35 PM with Donald Teyssier, Adam Ferragonio, Stephanie Lucchino and George Elish present. Also present was Romel Nicholas, Gaitens, Tucceri and Nicholas; Dan Deiseroth, Gateway Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

REORGANIZATION

The Board by a four to one vote on motion by Stephanie Lucchino and second by Donald Teyssier appointed Donald Gennuso as Chairman. Mr. Gennuso abstained.

The Board by a four to one vote on motion by Donald Teyssier and second by Adam Ferragonio appointed Stephanie Lucchino as Vice Chairman. Ms. Lucchino abstained.

The Board by a four to one vote on motion by Stephanie Lucchino and second by Donald Teyssier appointed George Elish as Secretary/Treasurer. Mr. Elish abstained.

The Board by a four to one vote on motion by Stephanie Lucchino and second by Donald Teyssier appointed Adam Ferragonio as Asst. Secretary/Asst. Treasurer. Mr. Ferragonio abstained.

The Board by a vote of four to one, on motion by George Elish and second by Donald Teyssier appointed Gaitens, Tucceri and Nicholas as Solicitor. Ms. Lucchino abstained.

The Board by unanimous vote on motion by George Elish and second by Stephanie Lucchino appointed Gateway Engineers, Inc. as Consulting Engineers. Dan Deiseroth announced that Andy Blenko would represent The Gateway Engineers Inc.

The Board by unanimous vote on motion by George Elish and second by Donald Teyssier appointed Community Bank as Trustee/Paying Agent.

MINUTES OF DECEMBER 1, 2005

The Board approved by unanimous vote the minutes of the regular meeting of December 1, 2005 on motion by Adam Ferragonio and second by George Elish.

ENGINEER REPORT

MAPLE RIDGE PLANNING MODULE

Mr. Lynn Foltz addressed the board on the Maple Ridge subdivision requesting approval for his planning module. The module would be for 65,870 gallons per day (gpd) of flow to accommodate his development, All Clad, Keystone Crane, Grego Catering and four surrounding properties. Mr. Ron Sabatino - T & R Properties, would build the remainder of the 200,000 gpd capacity suggested by the Authority and an amended planning module would be submitted by T & R Properties at a future date. Greg Palmer, EVP with All Clad and Jason Capps with Grego Catering addressed the Board and expressed their support in the project.

The Board on a vote of four to one on motion by George Elish and second by Stephanie Lucchino authorized writing a letter to Cecil Township Supervisors with no objection for a township resolution for the planning module for the developer to build a pump station to accommodate 65,870 gpd flow. The letter will be prepared after a review of the plans by Walter O'Shinski. Donald Teyssier abstained.

T & R PROPERTIES PLAN

Mr. Philip Bishop of Civil and Environmental Consultants Inc. representing Mr. Ronald Sabatino and T & R Properties advised the Board of their meeting on December 20, 2005 with PA DEP and a proposed treatment plant to be located off of Hahn Road near Chartiers Creek. He discussed issues currently facing Canonsburg-Houston JA at their treatment plant and their decision to build a treatment plant to accommodate their development off of Morganza Road. PA DEP indicated they would consider the plan with two stipulations – the Township and Authority state in writing their support for the plan and the plan must include the Hendersonville area.

Mr. Bishop requested a letter of support from the Authority as requested by PA DEP. The proposed capacity would be in excess of 500,000 to 1M gpd. George Elish commented on accommodating the flow from Millers Run watershed and piggyback on the developer's construction plans. Dan Deiseroth asks Philip Bishop if the site would accommodate building a larger plant. George Elish stated it would be less expensive if the private sector builds the plant. Walter O'Shinski stated timing on the developers project would be an issue as their plans may be 5 to 10 years out. Mr. Bishop did not disagree with that assessment.

Donald Gennuso asks if a letter of support is a routine course of action for approval. Walter O'Shinski stated he has not received any specific information of their planned submission to PA DEP. Russell Mills stated the plan would include communicating with the Authority pursuant to continued planning for economic development. George Elish stated the ability for the developer to share costs for providing sewage to the Hendersonville area. George Elish suggested giving a letter with

conditions. Solicitor Romel Nicholas stated he had no issue with writing a letter to the developers. The letter should offer no commitment but open to all possibilities and encouragement for the development. Walter O'Shinski will prepare a letter for review by the solicitor and for presentation to the Board at their February 2006 meeting.

BRUSH RUN ANNUAL TAP-IN REQUEST TO CHJA

Walter O'Shinski advised the Board that tap-in's for 2005 were reopened by the PA DEP. The decision to open the tap-ins was made following a meeting with PA DEP. Walter O'Shinski stated he attended the meeting and that Canonsburg-Houston JA must complete a draft 537 Plan for submission to PA DEP by September 2006. Walter O'Shinski referenced his letter of January 5, 2006, requesting 642 EDU's for 2006. The breakdown was 157 EDU for Brush Run watershed; 97 EDU for the Morganza Road watershed; 388 EDU in the Southpointe watershed.

George Elish commented on the status for upsizing the pipe between Muse and Canonsburg. Walter O'Shinski stated Chartiers Township is completing a study for their system flowing in the watershed. The scope of the project needs to be evaluated and construction costs estimated prior to determining how the costs will be shared.

MILLERS RUN UPDATE

Andy Blenko reviewed the study completed in early December 2005 for financing alternatives on the Millers Run project. The goal was to determine the impact of borrowing an additional \$2M as opposed to using Authority funds upfront. The parameters used reflected initial user rates of \$55, \$60 or \$65 per month with rate increases in year 3. The tap-in fee was \$4,500 for current on-lot system properties with no discount and a flat assessment fee of \$750 per property currently without service. The tap-in fee for the Casciola and Windsor Woods systems was set at \$3,200. The construction costs were based on the April 2005 low bid with a 15 percent increase and a 5 percent contingency. The total project cost used in the analysis was \$18.8 million. Annual growth was estimated at 20 to 45 EDU's per year. The collection rate was estimated at 80 percent. The tap-in fees and user rates were in the acceptable range by the board of supervisors in meetings held after the April 2005 bids were received.

The PNC Capital Markets report presented six scenarios - 3 without Fleeher and 3 with the Fleeher system included in the Millers Run project. The study was based on the supervisor's statement on what would be acceptable costs to the resident.

Of the six scenarios presented only one (case 6) which included the Fleeher system being connected by year 2009 and a \$65.00 initial monthly user rate produced a positive balance on the additional \$2M borrowing at the end of thirty-years. The case 6 assumes a 1 percent increase in the user rates every year for the thirty-year period. In all other cases, there is a deficit at the end of the project ranging from \$1.29M to \$7.16M.

Other options such as the Authority providing additional funding, increasing the monthly user rates or increases in the tap-in fee and/or assessment fee may reduce or eliminate the deficits.

George Elish commented on the eighty (80) percent collection rate and if that were standard in the industry. He suggested researching to see if recent projects had a higher or lower collection rate. Dan Deiseroth stated that a recently completed project in Economy Boro, the tap-in fee was \$7,200 and an estimated \$62 per month user rate.

SOLICITOR REPORT

Romel Nicholas referred to his written report to the Board on ongoing projects. The report included the discussions held with Tom Lynch, bond counsel and Michael Mc Caig, financial advisor on the 2004 bond issue for Millers Run. He stated both individuals prepared letters regarding the 2004 bond issue.

Attorney Tom Lynch's memorandum discussed yield restriction on the bond proceeds after expiration of a 3-year period or May 6, 2007 with no specific amount stated for the reduction payments.

Michael Mc Caig's letter summarized briefly some historical facts and where we are regarding the 2004 bond issue. He presented three options that the Authority has for use of the funds – change the scope of the Millers Run project; divert all or part of the bond proceeds to another project and or defease or escrow the bond issue effectively paying off the 2004 bonds. The latter would require an Authority contribution of approximately \$495,000 into the escrow until the bonds could be called in June 2009.

BUSINESS MANAGER'S REPORT

APPROVAL OF FY 2006 BUDGET

The Board on unanimous vote on motion by Donald Teyssier and second by Adam Ferragonio approved the FY 2006 budget.

ANNOUNCE 2006 MEETING DATES

The Board on unanimous vote on motion by George Elish and second by Donald Teyssier set the 2006 meeting dates as the first Thursday of each month. Dennis Bell will advertise the 2006 meeting schedule.

DISCUSS CANONSBURG-HOUSTON JOINT AUTHORITY RATE INCREASE AND ADOPTION OF RESOLUTION 1-1-2006

Dennis Bell discussed with the Board a letter received from Canonsburg-Houston Joint Authority on a rate increase of sixty (.60) cents per 1,000 gallons of water treated effective on March 1, 2006. The Board on unanimous vote on motion by George Elish and second by Donald Teyssier authorized the solicitor to prepare the resolution for the next monthly meeting.

DISCUSS INVESTMENT OF CONSTRUCTION FUNDS - 1st COMMONWEALTH BANK

The Board on unanimous vote on motion by Stephanie Lucchino and second by Adam Ferragonio authorized investing the balance of the construction funds \$178,172.58 plus accrued interest into a certificate of deposit for a period of twelve (12) months at the rate of 4.70 percent.

UPDATE ON WEB SITE DESIGN

Dennis Bell advised the Board that the web site work is almost completed. He suggested the Board authorized a change in the domain name from ctma.biz to ctmaonline.org. The Board on unanimous vote on motion by Adam Ferragonio and second by George Elish authorized the change in the domain name.

Dennis Bell stated that Lee Maurer with Pinnacle Computing may be able to utilize the township map showing what properties are currently service by the Authority. He further stated property addresses would be needed along with the area where service is provided. The addresses will be reformatted from the information provided by PA-American Water Company.

DISCUSS NOVEMBER 2005 FINANCIAL REPORT

Dennis Bell discussed the financials for November 2005. The total customers billed were 1805. The user fees billed were \$86,615.09 on usage consumption of 11,698,800 gallons. Collections totaled \$84,512.50. The expenses for November 2005 were \$71,278.96. The extraordinary income on the November 2005 financial statement included interest income of \$1006.51 and interest income of \$1,313.29 on construction funds for the Millers Run project. Tap-in fees of \$2,075.00 were collected.

Dennis Bell reported landlord/tenant quarterly reminder notices were mailed on October 24, 2005. One Hundred and Ten customers were issued letters for unpaid past due wastewater bills. The amount of the past due bills was \$14,837.64. Expenses are under budget through November 2005 except in nine accounts with those expenses over budget by \$32,572.43 with the majority in treatment charges to account for the higher user rates.

George Elish commented on the cash position report comparing the December 2004 with the November 2005 report and the increase in cash for the eleven-month period. He requested a review be completed.

CORRESPONDENCE

The correspondence was review for filing.

PAYING OF EXPENSES/TRANSFER OF FUNDS, ETC.

A unanimous vote on motion by Stephanie Lucchino and second by George Elish 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

No comment from the floor.

EXECUTIVE SESSION

The Board on unanimous vote on motion by George Elish and second by Stephanie Lucchino entered into an executive session at 9:50 PM to discuss issues with personnel and real estate. The Board returned to the general session at 10:15 PM.

Returning to the general session, the Board on unanimous vote on motion by George Elish and second by Stephanie Lucchino authorized the hiring of a part-time plant operator at the rate of \$20.00 per hour with no benefits. The position will provide treatment plant maintenance during the absence of Gregory Melone.

The Board on motion by George Elish and second by Donald Teyssier authorized compensatory time to Walter O'Shinski for extra hours worked retroactive to December 4, 2005 with a report provided to the Administrator for personnel records.

ADJOURNMENT

There being no other business by unanimous vote on motion by Adam Ferragonio and second by Donald Teyssier the meeting was adjourned at 10:25 PM. The next regular meeting is scheduled for Thursday, February 2, 2006 at 7:30 PM.

Secretary