

Cecil Township Municipal Authority
Special Meeting
May 17, 2006

The Cecil Township Municipal Authority held a special meeting on Wednesday, May 17, 2006 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 6:30 PM with Stephanie Lucchino, George Elish and Kenneth Heirendt present. Absent was Donald Teyssier. Also present was Andy Blenko and Dan Deiseroth, Gateway Engineers; Romel Nicholas, Solicitor – Gaitens, Tucceri and Nicholas P.C.; Walter O'Shinski P.E. and Dennis Bell, Administrator.

DISCUSS FINANCIALS ON MILLERS RUN PROJECT

Mr. Andy Blenko discussed the construction matrix providing eight (8) options on the Millers Run project. The options ranged from constructing the entire project to deleting sections of the project where the costs out weight the number of customers to be serviced. The matrix also reflected alternatives for road paving and rock excavation. In addition to the construction costs, the matrix also indicated the soft costs, which included inspection fees, right of way acquisitions and legal.

Mr. Scott Shearer with Public Financial Management Inc., financial advisor to the Authority presented a report on the financing alternatives for the eight (8) options under consideration for the project.

He stated that restructuring the 2004 bond issue would not provide sufficient benefit to the Authority. He stated the analysis focused on getting the lowest possible user rate by utilizing forty-year bond money. He suggested the bond issue occur in August 2006 and be kept under \$10M. He stated the Authority has bond proceeds in CD's that would be used to start the construction project. He proposed funding the Debt Service Reserve Fund with a surety policy. The insurance policy premium cost would provide the Authority with the use of the Debt Service Reserve funds for use toward construction of the project. A second short-term loan for \$3.5M will occur after January 1, 2007. The loan will be a line of credit, which may be prepaid, and the funds used to cover construction expenses until the tap-in fees are collected.

In reviewing the two scenarios presented for doing the entire project (option 3), the Authority would contribute all of the \$2M in cash to reduce the amount borrowed and/or place the monies into a rate stabilization and improvement fund for the forty-year period. Scott Shearer stated bond counsel would offer an opinion on the use of the \$2M as IRS has tighten its' position on doing bond issues with excess cash reserves held in accounts rather than lowering the borrowing. The goal is to keep the cash flows in positive numbers during the term of the issue.

The board requested the scenarios 1 and 1-A; 3 and 3-A be run using a contribution between \$1M and \$2M to determine what impact it has on the ending balance in the rate stabilization and improvement fund and the deficit.

The board agreed to hold another financial meeting on Thursday, May 25, 2006 at 6:30 PM.

DISCUSS LEGAL ASPECTS ON MILLERS RUN PROJECT

Romel Nicholas discussed with the Board his memorandum on the eminent domain process. He further requested the Board consider adopting Resolution No. 5-2006 authorizing the selecting, appropriating and condemning of certain rights of way and easements in and through property situated in the Millers Run area of Cecil.

Romel Nicholas stated a meeting is scheduled for Wednesday, May 24, 2006 with staff and the engineers to discuss issues related to the eminent domain process.

Romel Nicholas requested the Board adjourn to executive session to discuss issues related to the eminent domain process.

EXECUTIVE SESSION

The Board by unanimous vote on motion by Stephanie Lucchino and second by Kenneth Heirendt entered into Executive Session at 8:35 PM to discuss issues related to the eminent domain process. The Board returned to the general meeting at 9:15 PM.

AUTHORIZE RESOLUTION 5-2006

The Board by unanimous vote on motion by Kenneth Heirendt and second by George Elish authorized Resolution 5-2006 the selecting, appropriating and condemning of certain rights of way and easements in and through property situated in the Millers Run area of Cecil.

AUTHORIZE ADVERTISING FOR SPECIAL MEETING TO DISCUSS FINANCING

The Board by unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized a meeting for Thursday, May 25, 2006 at 6:30 PM to discuss financials for the Millers Run project and other matters that may be presented to the Board.

ADJOURNMENT

There being no other business on unanimous vote on motion by George Elish and second by Stephanie Lucchino the meeting was adjourned at 9:18 PM.

Secretary