



Cecil Township Municipal Authority
Cecil Township Municipal Building
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November 5, 2009

Representative Jesse White
3855 Millers Run Road
PO Box 285
Cecil, PA 15321

Dear Representative White:

We are in receipt of your October 22, 2009 correspondence regarding the \$5,000,000 grant which will be awarded to the Cecil Township Municipal Authority through the H2O PA program administered by the Commonwealth Financing Authority.

Please understand that we have not yet received any money from this grant. It was only on October 27, 2009 that we received the H2O PA Grant Award Agreement. We are currently reviewing the terms of that agreement and there are several questions on how the money can be used. Thus, we are not in a position to provide conclusive answers to your inquiries about the ultimate disposition of the grant proceeds.

As you are aware, these monies were initially allocated based on projects that were ready to be constructed. Since the Millers Run project had already been completed prior to the grant monies being awarded, the Authority needs to clarify with the DCED exactly what the Authority can and can not do with the funds. To that end, the Authority's consulting engineer has sent the enclosed letter to the Department of Community and Economic Development, the purpose of which is to seek guidance on whether there are any restrictions on the Authority's use of the grant proceeds, once they are received. We of course would welcome any assistance you may be able to lend in assuring that our request to the DCED is timely considered.

Additionally, the Authority has requested its' consulting engineer to preliminarily recalculate the tapping fee according to the guidelines of the Municipal Authorities Act. This will allow the grant money to be properly included as a deduction from the allowable project costs. Once those calculations are in hand, the Board will be in a better position to consider a reduction in the tapping fee.

We assure you that the Authority is acutely aware of the cost of the Millers Run project and its' financial impact on our customers. We believe firmly however that it would be premature to make any final decisions on the above issues until and when we are in receipt of the grant funds.

Sincerely,

Donald V. Gennuso
Chairman

October 29, 2009
Ref. No. 286-H20

Ms. LeAnn Long
DCED, Center for Business Financing
Site Development Division
Commonwealth Keystone Bldg.
400 North St. 4th Floor
Harrisburg, PA 17120

Dear Ms. Long:

**Cecil Township Municipal Authority
H2O Grant – Millers Run Sewer Project**

On behalf of the Cecil Township Municipal Authority (CTMA) and Cecil Township, I am writing to you to inquire about the eligible uses for the \$5,000,000 grant received by the Authority from the H2O program. Because the project has already been completed, the funds cannot be directly applied to ongoing projects costs. The only capital cost remaining is the extension of a short sewer to eliminate a pump station and convey those flows to the Millers Run system. This presents a unique situation relative to the majority of projects for which funding was received, i.e. most were "shovel ready" or ongoing construction projects.

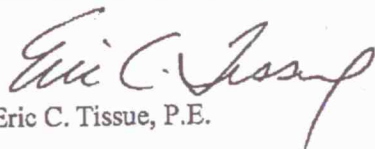
Based on that fact and on the high tap fees enacted to assist in the financing of the project, the Authority and other Township representatives are inquiring as to the possibility of utilizing the H2O funds to provide a partial reimbursement of the tap fees that have been paid to date by the users. Had these H2O funds been received during construction of the project, they could have been used to offset capital costs that ended up being financed through the collection of the tap fees and, therefore, would have resulted in a lower tap fee. In light of this fact, we believe this request warrants consideration by DCED.

The CTMA respectfully requests that the DCED consider this issue and provide a response in writing to clarify how the funds can be used. The Authority and Township thank you in advance for attention to this matter.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

KLH ENGINEERS, INC.


Eric C. Tissue, P.E.

cc: CTMA
Cecil Township
Brian Eckert, Director Site Development Division