

Cecil Township Municipal Authority
Monthly Meeting
March 1, 2007

The Cecil Township Municipal Authority held its' regular monthly meeting on Thursday, March 1, 2007 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:30 PM with Stephanie Lucchino, George Elish and Kenneth Heirendt present. Also present was Romel Nicholas, Gaitens, Tucceri and Nicholas; W. Scott Rusmisl, Gateway Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF FEBRUARY 1, 2007

The Board on a three to one vote on motion by Kenneth Heirendt and second by George Elish approved the minutes of the regular meeting of February 1, 2007. Donald Gennuso abstained from the vote.

ENGINEER REPORT

DISCUSS 3RD BORROWING FOR MILLERS RUN – PUBLIC FINANCIAL MANAGEMENT

Scott Shearer presented to the Board financing options for the balance of the funds needed for the Millers Run project. He stated that based on the estimated draw schedule additional funding in the amount of \$3.5M is needed. The timeline when the funds would be needed is July/August 2007. He stated the township guaranteed up to the \$3.5M short-term funds with the 2006 bond issue.

He presented two funding options – a fixed rate bond issue and a variable rate bond pool loan. The bond issue would be at a fixed interest rate with a 5-year pre-payment feature. The issuance costs would be in the range of \$70,000 to \$75,000. The variable rate bond pool loan would be at a fixed rate with no issuance costs and is pre-payable at anytime. Kenneth Heirendt requested that a comparison be done on the impact on the interest rate for both financing options when issuance costs are factored into the calculation

Donald Gennuso expressed his concern for unforeseen project extra costs. He stated the longer the borrowing can be delayed the better. Scott Rusmisl stated the \$19.8M project costs include a five (5) percent contingency. Scott Shearer stated he needs an updated draw schedule to determine as to when he will need to obtain an authorization to proceed from the Board. Scott Rusmisl will prepare the schedule.

Scott Shearer provided the Board with information on interest rate swaps. The swap is an exchange of variable rate receipts and payments. The transaction can offer the Authority economic benefits but there are risks associated with interest rate swap transactions. Scott Shearer stated he would provide additional information on this type of transaction at a future meeting if the Board has an interest in this type of transaction.

UPDATE ON MILLERS RUN PROJECT

Kevin Hoffman addressed the Board on construction activities at the treatment plant site. He stated the grouting has been completed, which will permit foundation work to begin. He stated that Kranick Construction is on schedule for the mechanical work at the treatment plant. The work at the main pump station is behind schedule due to problems with the boring under S.R. 50.

Kevin Hoffman stated that Allegheny Power is not moving very quickly regarding the request for electrical service at the sites. He stated the electric company is working to obtain an easement from a property owner.

Kevin Hoffman stated additional grout material was needed for the treatment plant site. He stated approximately 320 cubic yards of additional material was needed. George Elish inquired on how many holes were filled. Scott Rusmiser stated that 64 holes with varied depths up to 100 feet. Walter O'Shinski stated the contract was a lump sum bid with an optional bid at \$200 per cubic yard for grout. Donald Gennuso stated the cost for the grouting could be higher by \$64,000.

Ed Kuenzig updated the Board on the line contracts. He stated the bore under Millers Run Road had to be re-done, as it did not meet the specifications. He stated the work is completed and a mandrill was successfully pulled. He stated the next steps will be encasing the pipe and pulling a mandrill after 30 days. Ed Kuenzig stated work at the main pump station site would resume after the 30-day period.

Ed Kuenzig stated that pipe installation work by Sitarik was halted on February 27, 2007 due to the condition of the roads. He stated cleanup on the roads is almost complete and pipe installation work will resume. Ed Kuenzig stated that over the course of the project many water lines and gas lines were damaged. He stated most were due to non-markings or mismarkings by the utility companies. Donald Gennuso stated the sewer line along Mawhinney Road appears to have been moved into the middle of the road.

Donald Gennuso suggested arranging a meeting with the township staff to discuss road repair work in the project area. George Elish suggested that financing may be an issue and that perhaps the township would be interested in piggybacking on our future funding.

Ed Kuenzig discussed the summary of extra bid items. The total amount spent to date on rock was \$59,900. The total for extras to date is \$116,146.

Donald Gennuso and George Elish commented on the road conditions and the cold patch repair work. Kenneth Heirendt commented on the conditions of St. Mary's lane. Ed Kuenzig suggested closing the road due to the conditions. Kenneth Heirendt stated the road couldn't be closed as events are held throughout the week and the church requires a specific traffic pattern. Kenneth Heirendt inquired on what arrangement the church has with the developer on repairing St. Mary's lane. Ed Kuenzig stated he would discuss the issue with the priest.

AUTHORIZE MILLERS RUN PROJECT PAYMENT ESTIMATES

The Board on unanimous vote on motion by Kenneth Heirendt and second by George Elish authorized the payments on the following contracts –

Pay Request # 5 to Edward T. Sitarik Contracting Inc. totaling \$81,718.22 for work completed on the interceptor contract.

Pay Request # 5 to Edward T. Sitarik Contracting Inc. totaling \$224,148.82 for work completed on the southeast contract.

Pay Request # 4 to A. Merante Contracting totaling \$176,880.31 for work completed on the north contract.

Pay Request # 3 to Edward T. Sitarik Contracting, Inc. totaling \$228,945.83 for work completed on the southwest contract.

Pay Request # 5 to Kranick Environmental totaling \$126,225.00 for work completed on the treatment plant.

PA-AMERICAN WATER LINE EXTENSION – CREEDMORE ROAD

Walter O'Shinski stated that a standard contract for a water line extension was received from PA-American Water Company. He stated the contract was reviewed by Sean Garen and Romel Nicholas. The total estimated cost for the water line is \$162,322. A credit of \$7,122 would be forwarded to the Municipal Authority over a 10-year period for each customer that connects to the system. The Authority's estimated share of the cost is \$76,858 assuming that 12 customers will initially connect to the new public water line.

Romel Nicholas stated the wording in the paragraph beginning with SECOND on page one should be changed as it relates to the time periods. He also suggested that a clause be added on the time frame for the Authority to receive a refund if the project is not constructed.

Walter O'Shinski stated PA-American Water Company indicated they could begin work immediately. The question arose on what impact construction along Creedmore Road would impact on the water company's ability to do the work. George

Elish commented that a one-year timeline for constructing the line would impact on the Authority having water at the treatment plant site. Donald Gennuso suggested a meeting with PA-American Water Company to have the agreement amended. The discussion was tabled until the April 2007 meeting.

UPDATE ON THE OVERLOOK AT SOUTHPOINTE PROJECT

Mark Zemaitis addressed the Board introducing Howard Hlawati, Penn South Development and a representative of Maronda Homes for their interest in participating in the building of the pump station being proposed by Mitchell Development on Parch 14 Southpointe. He stated the development called Grand Highlands would need between 210 to 230 E.D.U.

Mark Zemaitis stated the planning module for the Overlook At Southpointe project was forwarded to the township for approval at their March 12, 2007 meeting. The development requires 400 E.D.U. He stated Howard Hlawati would agree to a cost sharing agreement for the construction cost of the pump station. He stated a planning module would need to be completed for the development and that a meeting is scheduled for Friday, March 2, 2007 with Emily Shade, PA DEP.

Walter O'Shinski stated an easement is needed to service the property and that the planning module for Overlook At Southpointe has not been approved by PA DEP.

Donald Gennuso inquired on the status of tap-ins at the Canonsburg-Houston treatment plant. Walter O'Shinski stated that tap-ins are on hold until the odor issue is resolved to PA DEP satisfaction.

Maronda Homes stated that the developer is proposing a major contribution for building the pump station and that he would need some guarantee that tap-ins would be available. Romel Nicholas stated the issue could be resolved by an agreement. George Elish stated he would not be in favor of reserving tap-ins without some assurance on a timeline for build out.

UPDATE ON MAPLE RIDGE

Lynn Foltz addressed the Board on the issue of the dissolved oxygen limit established by North Strabane Township Municipal Authority (NSTMA) in their agreement with Cecil Township Municipal Authority. He advised the Board that he had a meeting with engineers from Seimans Corporation and they indicated that the proposed pump station is designed to guarantee the dissolved oxygen levels are met as stated in the agreement.

Lynn Foltz requested that the Water Quality Management Permit application be signed and forwarded to PA DEP. He further stated that by the agreement a \$20,000 escrow must be posted and that those monies would compensate the Authority for any improvements to the system. Walter O'Shinski stated that Bioxide would have no effect

on the dissolved oxygen limit. He stated other options are available and need to be researched.

Romel Nicholas stated that if the dissolved oxygen limits cannot be achieved perhaps the agreement with NSTMA is a bad agreement. He further stated if the issue couldn't be resolved than the issue may need to go to arbitration.

Donald Gennuso suggested a meeting with the North Strabane Township Municipal Authority be arranged to discuss the issue further and report back to the Board.

SOLICITOR REPORT

Romel Nicholas presented his monthly report to the Board. He stated the report includes a memorandum outlining the advantages and disadvantages of board of view proceedings. He referenced point number VI relating to gas line miss markings and the meeting with Columbia Gas Company on January 31, 2007. He stated it is imperative that good records be maintained. The Board stated that a letter from the solicitor should be mailed to Sitarik Construction on the issues of utility damage incidents, overall negligence on maintaining the roads and properties and the accident incident where an employee lost control of a road roller and the roller ended up crashing into a resident's car parked in his driveway. The Board on unanimous on motion by Stephanie Lucchino and second by George Elish authorized a letter be written to Sitarik Construction addressing the various issues.

BUSINESS MANAGERS REPORT

DISCUSS APRIL 2007 MEETING DATE

The Board on unanimous vote on motion by George Elish and second by Stephanie Lucchino changed the April 2007 meeting from Thursday, April 5 to Wednesday, April 4, 2007 at 7:30 PM.

DISCUSS JANUARY 2007 FINANCIAL REPORT

Dennis Bell discussed the financials for January 2007. The total customers billed were 1843. The user fees billed were \$85,500.47 on usage consumption of 10,298,700 gallons. Collections totaled \$101,045.69. The expenses for January 2007 were \$36,969.80. The extraordinary income on the January 2007 financial statement included interest income of \$526.09 and interest income on the construction funds totaled \$72,122.49. Expenses were under budget through January 2007 except in the treatment charges, which were over budget by \$1,896.85. The income accounts with variances in January 2007 were User Fees under budget by \$14,925.58; Tap-in Fees were over budget by \$38,738.15; Misc. Income over budget by \$350.00; and Interest Income under budget by \$13,240.91. The tap-in fee variance is due to nine tap-ins purchased for Hill Station

Manor and a refund from PA-American Company under the 35' Rule for Gilmore.
PAYING OF EXPENSES/TRANSFER OF FUNDS ETC.

A unanimous vote on motion by Stephanie Lucchino and second by Kenneth Heirendt 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

CORRESPONDENCE

The correspondence was reviewed for filing.

COMMENTS FROM THE FLOOR

Jeff Mitchell commented that he did not agree with comments made during the meeting on borrowing additional money for the township to do road repairs in the Millers Run project area. Donald Gennuso stated his comments were appreciated.

ADJOURNMENT

There being no other business by unanimous vote on motion by George Elish and second by Kenneth Heirendt meeting was adjourned at 10:13 PM. The next regular meeting is scheduled for Wednesday, April 4, 2007 at 7:30 PM.

Secretary

