

Cecil Township Municipal Authority
Monthly Meeting
August 7, 2008

The Cecil Township Municipal Authority held its' regular monthly meeting on Thursday, August 7, 2008 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:30 PM with Stephanie Lucchino, Blane Volovich and Brian Altland present. Absent was Kenneth Heirendt. Also present was Romel Nicholas, Gaitens, Tucceri and Nicholas; Eric Tissue, KLH Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF JULY 3, 2008

The Board on a unanimous vote on motion by Blane Volovich and second by Brian Altland approved the minutes of the regular meeting of July 3, 2008.

PRESENTATION OF 2007 AUDIT REPORT

Mr. Steven Cypher, Managing Partner - Cypher and Cypher CPA presented the 2007 audit report to the Board. He stated the financial statements are the responsibility of the Authority management and have been prepared in conformity with the generally accepted accounting standards. He further stated the audit was conducted in accordance with generally accepted auditing standards and the auditor's opinion is unqualified.

The Statement of Net Assets – Proprietary Fund reflects total assets of \$28,343,297 and total liabilities of \$19,244,763 with equity of \$9,098,534. The Statement of Revenue, Expenditures, and Changes in Net Assets – Proprietary Fund reflects operating revenue of \$1,207,906, operating expenses of \$926,334, other non-operating income/expenses of \$614,843, grant revenue of \$397,300 and net income of \$1,293,715. The administrative expenses were \$123,240 and the operation and maintenance expenses were \$789,337.

Steven Cypher referred the Board to the Statement of Revenues, Expenditures and Changes in Net Assets; Statement of Cash Flows and State of Revenues, Expenditures and Changes in Net Assets – Budget vs. Actual in discussing various changes in the financial position from the previous year.

Steven Cypher discussed comments in their management letter to assist the Board and management on methods to strengthen internal controls and accounting systems. A part of the letter addresses a disaster recovery plan, investments and cash management, infrastructure, fixed asset appraisal and risk management.

ENGINEER REPORT

UPDATE ON MILLERS RUN PROJECT

Michael Sherrieb presented his report to the board. He requested approval of pay estimate # 22 to Kranick Environmental for \$20,923.00 on the treatment plant. The amount being approved reflects the proper level of work completed and maintains the level of retainage at the contract specified 2% of completed work. He requested approval of pay estimate # 15 to Wagner Electric for the wastewater treatment plant electrical in the amount of \$9,690.

He stated final landscaping at the pump station site would be completed and the contract closed in September.

The Board on unanimous vote on motion by Brian Altland and second by Blane Volovich authorized payment to Kranick Environmental for pay estimate # 22 in the amount of \$20,923 on the treatment plant mechanical contract and payment to Wagner Electric for pay estimate # 15 in the amount of \$9,690 for the treatment plant electrical contract.

Eric Tissue reported that an inspection on the lines was provided to Walter O'Shinski for review. He stated the list differs from the Gateway Engineer list. He stated a meeting is scheduled with Gateway Engineers on August 11 to develop one final list. He stated KLH Engineers is recommending televising 11 to 22 runs of pipe. Eric Tissue stated it was his understanding that Gateway Engineers would be paying for the televising. The Board on unanimous vote on motion by Stephanie Lucchino and second by Brian Altland authorized televising the lines with the cost being paid for by Gateway.

COMMENTS FROM THE FLOOR

Alan Korey, Mawhinney Road inquired on the restoration work. Donald Gennuso stated it would be a long process for completing the work. He also inquired as to what other action would take place for those individuals not tapping into the system. Romel Nicholas stated that the law dictates what procedures would be followed regarding the properties not tapped into the system.

Sylvan De Paoli addressed the board regarding his property located at 3280 Millers Run Road, Cecil PA and the location of his lateral connection. He stated the contractor – A. Merante- was advised by him to place the lateral on the opposite side of the property from where it is located. The Board suggested that Walter O'Shinski review the issue with Gateway Engineers and meet with Sylvan De Paoli.

SOLICITOR'S REPORT

Romel Nicholas presented his monthly report to the Board. He stated he has had communication with the bonding company and the attorney representing Sitarik Contracting Inc. regarding the restoration work. He stated a punch list prepared by Sitarik Contracting was review by Walter O'Shinski and Gateway Engineers for completeness. He stated many properties on the Gateway Engineer punch list did not appear on Sitarik Contracting list. Gateway's punch list was provided to Sitarik's attorney for review and comment.

Romel Nicholas stated that no word has been received from the gas company on the mismarking issue. He stated resolution is important as it may impact the contract issue with A. Merante Contracting. He stated he makes contact with the gas company monthly.

Romel Nicholas stated that A. Merante Contracting filed a demand for mediation/arbitration to settle claims under their contract.

Romel Nicholas stated an agreement with Canonsburg-Houston Joint Authority is near completion and he recommended the agreement be approved. He stated the final draft would be reviewed by Walter O'Shinski and himself. Major issues resolved were Canonsburg-Houston Joint Authority agreed to a forensic audit every five years, all revenue generated by Authority used for common facilities or borrowing purposes and the term of agreement is for thirty years. He stated that Walter O'Shinski needs to review two or three items that are technical.

The Board on a unanimous vote on motion by Brian Altland and second by Blane Volovich authorized signing the agreement subject to the final review by the solicitor and staff engineer.

Romel Nicholas stated he spoke with PA DEP counsel and there has been no response from Flecher's attorney regarding the offer previously made. He stated that PA DEP inquired on the status of the construction of the line to service the Flecher system. It appears that PA DEP will take no further action until the line is extended and ready to take flows from the Flecher treatment plant.

The Board on unanimous vote on motion by Stephanie Lucchino and second by Blane Volovich authorized Walter O'Shinski to discuss with Gateway Engineers the construction plans and begin working on a request for proposals.

Romel Nicholas discussed with the Board deed verification for approximately twenty properties on the list of two hundred properties to receive lien notification letters. He stated his office is attempting to verify the information. Stephanie Lucchino volunteered to retrieve the twenty plus/minus "Et Al" deeds from the recorder of deeds office in Washington County and forward the information to Christine Seymour.

BUSINESS MANAGERS REPORT

AUTHORIZE INTEREST PAYMENTS ON SERIES 2004 AND 2006 BOND ISSUES TO M & T BANK

The Board on unanimous vote on motion by Blane Volovich and second by Stephanie Lucchino authorized the interest payment of \$201,540.63 Series 2006 Issue and interest payment of \$155,753.35 Series 2004 issue to M & T Bank.

AUTHORIZE RENEWAL OF INSURANCE FOR 2008 – 2009

The Board on unanimous vote on motion by Brian Altland and second by Blane Volovich authorized renewal of insurance coverage through the Simonin Agency for a premium of \$18,474 for the period August 2008 through July 2009.

WINDRIDGE ENGINEERING – MAPPING INFORMATION REQUEST

The Board on unanimous vote on motion by Stephanie Lucchino and second by Brian Altland authorized releasing digital topographic information to Wind Ridge Engineering Company for a subdivision located along Muse Bishop Road adjacent to the Montour Trail overpass. It was agreed that the engineering costs and staff costs for preparing the data be paid by Windridge Engineering and that a disclaimer of hold harmless for the accuracy of the data be provided in writing by Windridge Engineering.

PERRI BOND RELEASE REQUEST

The Board on unanimous vote on motion by Brian Altland and second by Blane Volovich authorized releasing the performance bond in the amount of \$129,910 to PNC Development for work completed in the Windsor Woods subdivision.

CONSOL ENERGY PROPERTY – ABANDONMENT OF EXISTING EASEMENT, ACCEPTANCE OF NEW SANITARY SEWER EASEMENT

The Board on unanimous vote on motion by Brian Altland authorized the abandonment of an existing sanitary sewer easement of the Consol Energy property located in Southpointe and the acceptance of a new sanitary sewer easement on the same property.

DISCUSS PLGIT LOAN AND REINVESTMENT OF TAP-IN PROCEEDS

Dennis Bell discussed the 2007 PLGIT short-term revenue note valued at \$3,000,000. The purpose of the borrowing was to cover the construction costs until the tap-in fees were collected. He stated the funds could be reinvested at a higher interest rate with Slovenian Savings. Donald Gennuso stated the auditor suggested reinvesting the funds until all project costs have been determined. He further stated the auditor

suggested the loan be paid prior to the end of 2008.

The Board on unanimous vote on motion by Stephanie Lucchino and second by Brian Altland authorized investing the funds for four months with Slovenian Savings at an interest rate higher than the 2.25% currently paying on the revenue note.

DISCUSS INVESTMENT OF EXCESS FUNDS IN NATIONAL CITY BANK

Dennis Bell stated that funds held with National City Bank should be invested to earn a higher interest. He stated a review of the outstanding construction expenses must be completed before a determination on what excess funds are available for investment. Donald Gennuso suggested the issue be tabled until the September meeting.

DISCUSS JUNE 2008 FINANCIAL REPORT

Dennis Bell discussed the financials for June 2008. The total customers billed were 1983. The user fees billed were \$112,511.77 on usage consumption of 12,735,700 gallons. Collections totaled \$103,001.75. The expenses paid for June 2008 were \$54,019.78. The extraordinary income on the June 2008 financial statement included interest income of \$32,314.91. Expenses were under budget through June 2008 except for two accounts with a net overage of \$2,174. The accounts over budget are gas \$714 and advertising \$1,460. The income accounts with variances in June 2008 were user fees over budget by \$22,312; tap-in fees under budget by \$7,492; planning module fees over budget by \$1,400; and misc. income under budget by \$179.

CORRESPONDENCE

The correspondence was reviewed for filing.

PAYING OF EXPENSES/TRANSFER OF FUNDS ETC.

A unanimous vote on motion by Blane Volovich and second by Brian Altland 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

ADJOURNMENT

There being no other business by unanimous vote on motion by Stephanie Lucchino and second by Brian Altland the meeting was adjourned at 8:55 PM. The next regular meeting is scheduled for Thursday, September 4, 2008 at 7:30 PM.

Secretary