

Cecil Township Municipal Authority
Monthly Meeting
July 21, 2009

The Cecil Township Municipal Authority held its' regular monthly meeting on Tuesday, June 21, 2009 at the Cecil Township Municipal Building. Vice Chairman Brian Altland called the meeting to order at 6:00 PM with Kenneth Heirendt, Blane Volovich and Stephanie Lucchino present. Absent was Donald Gennuso. Also present was Sean Garin, Gaitens, Tucceri and Nicholas; Eric Tissue, KLH Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF JUNE 16, 2009

The Board on unanimous vote on motion by Stephanie Lucchino and second by Blane Volovich approved the minutes of the meeting of June 16, 2009.

PRESENTATION OF 2008 AUDIT REPORT

Mr. Steven Cypher, Managing Partner - Cypher and Cypher CPA presented the 2008 audit report to the Board.

The Statement of Net Assets – Proprietary Fund reflects total assets of \$38,298,035 and total liabilities of \$20,431,027 with equity of \$17,867,008.

The Statement of Revenue, Expenditures, and Changes in Net Assets – Proprietary Fund reflects operating revenue of \$5,246,672, operating and maintenance expenses were \$1,187,162, other non-operating income/expenses of \$772,091, and net income of \$4,101,365. The administrative expenses were \$243,227.

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 referred to a draft letter addressed to Kranick Engineering on the status of their contract for work at the WWTP. He requested the issue be addressed in executive session as it may involve litigation.

Michael Sherrieb stated a plant inspection is scheduled for July 22, 2009. The final inspection is a requirement of PA DEP and is necessary for the submission to EPA to obtain the balance of funds due to the Authority.

UPDATE ON LOCAL SHARE GRANT PROJECT

Walter O'Shinski advised the Board that Washington County Redevelopment Authority will award the Mc Connell Road sewer line construction contract to Bella Enterprises on July 28, 2009. He stated the contract does not provide for full time inspection. He state the Authority has two options available for full time inspection. One option would be to pay the difference on the amount stated for inspection services in the contract and the cost for full time inspection. The second option would be to speak with the Redevelopment Authority and obtain an increase in the allocated construction costs. The second option would require the current bids to be rejected and the project to be re-bid. Widmer Engineering stated the estimated cost for full time inspection would be four to five thousand dollars. Kenneth Heirendt stated he favored full time inspection given our recent experience with the principals at Bella Enterprises.

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized the staff to negotiate an agreement with Widmer Engineering for providing full time inspection on the Mc Connell Road sewer line project at a cost not to exceed \$5,000. The proposal should have language specific to the requirements of the Authority to assure that all specification of the contract are met.

Walter O'Shinski stated he received a preliminary plan for the Elm Drive force main and grinder pump project. He stated a review will be completed on the plan.

Walter O'Shinski stated a committee meeting was held on July 2, 2009 to update the township on the Lawrence project. He stated the recommendation from the committee was to schedule a meeting with PA DEP as project funding will be an issue. He stated that Emily Shade with PA DEP has been requested to provide several dates for the meeting.

SOLICITOR'S REPORT

PROPOSED SERVICE AREA AGREEMENT AMENDMENTS

Sean Garin reviewed the monthly report with the Board. He stated the only issue requiring an action was to authorize signing an amendment to the service area agreements with Canonsburg-Houston Joint Authority and North Strabane Municipal Authority. He stated the two agreements with service area maps were provided for the members review.

The Board on unanimous vote on motion by Blane Volovich and second by Stephanie Lucchino authorized signing the two amendments to the service area agreements.

BUSINESS MANAGERS REPORT

VERMLOU PROPERTIES UPDATE ON PROPERTY USE

Mr. Chris Vermilya addressed the Board regarding his property located at 3234 Millers Run Road, Cecil PA. He stated the Board at the June 16, 2009 meeting stated he should tap-in the property into the system by September 1, 2009. He stated his plan is to demolish the building and pave the area for parking. He requested the Board refund him for the two tap-in fees paid when he purchased the property at sheriff sale. He stated the building will be demolished by August 21, 2009. The Board agreed to a refund after he obtained a demolition permit and an inspection has been completed.

Dennis Bell advised the Board on another property in the Millers Run project area that was demolished and the lien for the tap-in fee was satisfied. He stated the township provided proof that the building was demolished. He further stated that when the township issues a building permit proof of sanitary service would be required and at that time a tap-in fee would be due to the Authority.

AUTHORIZE REINVESTMENT SLOVENIAN SAVINGS CD

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized reinvestment for one-year on CD 00-13017806. The maturity date is August 15, 2009. The rate quoted was 2.68% with a 2.75% annual percentage yield.

INSURANCE PROPOSAL FOR ALL COVERAGES

Dennis Bell presented the insurance proposal from the Simonin Agency for property and liability insurance. He stated the premiums are comparable to the 2008-2009 premiums for the same coverage. He stated the workers compensation coverage will be lower by \$900 with the coverage being provided by Harie. Stephanie Lucchino commented that in previous years it was suggested the Authority obtain a property

appraisals to comply with the Cypher & Cypher report. Kenneth Heirendt stated the issue is something to be considered in the future.

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized accepting the insurance proposal from Simonin Agency in the amount of \$19,243 for the year effective from August 6, 2009 to August 5, 2010.

REQUEST FOR WATER CREDIT – JEFF HILKER

Dennis Bell advised the Board on a letter from Jeff Hilker requesting a credit for water used in watering a newly seeded lawn at 302 Rosewood Drive. He stated the average water usage on the property is 7,000 and during the period from April to May the water used was 19,000 gallons.

The Board on three to one vote on motion by Kenneth Heirendt and second by Blane Volovich authorized a one-time only adjustment based on the information provided. The adjustment is for 12,000 gallons equivalent to \$87.00. In addition, the Board suggested the deduction meter information be provided to Mr. Hilker for his consideration. Stephanie Lucchino voted no.

ANNOUNCE AWARD OF H2O PA FUNDS

Dennis Bell stated that the Authority was awarded a five million dollar grant for the construction of the Millers Run project. He stated that no official letter was received on the funding but it is our understanding that the funds would not be available until November 2009.

LATERAL CONNECTION STATUS

Dennis Bell advised the Board that property owners continue to make their connections into the sanitary sewer system. He requested discussion regarding those property owners not tapped into the system be held in executive session.

DISCUSS MAY 2009 FINANCIAL REPORT

Dennis Bell discussed the financials for May 2009.

COMMENTS FROM THE FLOOR

Mr. Bill Franz addressed the Board for reimbursement on equipment he rented to install his lateral line. He stated the equipment was delivered and he began digging but the Authority line was not deep enough for him to make the connection. Walter O'Shinski stated the Authority line was corrected to provide service to the property. Kenneth Heirendt requested proof of payment be provided to support the claim as stated on an estimate from Pantely Landscaping Company.

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized payment to Bill Franz provided the proof of payment is submitted to the Authority.

Mr. Allan Korey inquired of the Board on the status of the restoration issues on the Sitarik contract. Sean Garin stated nothing to report on the issue.

Ms. Christine Barnhart owner of property located at 8 Wilson Avenue addressed the Board regarding damage to the septic tank on the property. She stated Roto Rooter was called and made the repair to her tank. Walter O'Shinski stated Ms. Barnhart has retained counsel. Sean Garin stated that his understanding was that Gateway Engineers attempted to contact Attorney Moser representing Ms. Barnhart but received no reply. Sean Garin stated he would speak with Gateway Engineers regarding the issue.

KRANICK ENVIRONMENTAL CONTRACT

The Board on unanimous vote on motion by Stephanie Lucchino and second by Kenneth Heirendt authorized KLH Engineers to work toward closing the Kranick Environmental contract. The Board suggested contacting the EPA regarding the termination of the contract so that it may be closed and the impact of that action of the Authority's ability to receive the final amount due on the federal grants. The Board requested retaining the liquidated damages in the amount of \$8,000 and \$1,500 to complete the patch work on Creedmore Road and the balance being returned to Kranick Environmental.

CORRESPONDENCE

The correspondence was reviewed for filing. Kenneth Heirendt suggested that the financial advisor update the financial model within the next 30 to 60 days and advise on the impact of the H2O PA grant in the amount of five million dollars. Brian Altland inquired on how the money is to be used. The issue has been placed on hold until we receive official notification from the state.

Stephanie Lucchino requested a letter be mailed to both Senator Stout and Representative White thanking them for their support and work on obtaining the H2O PA grant funds.

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
Millers Run Expenses/Transfer MM to Checking
Gilmore Expenses/ACH Debit and PNC Requisition
Employee Time Reports/Payroll; 941 Employee Tax Deposit
Payment of Invoices
Discharge Monitoring Reports were approved for submission to the PA DEP

EXECUTIVE SESSION

The Board on motion by Kenneth Heirendt and second by Stephanie Lucchino entered into executive session at 7:25 PM to discuss issues related to the Kranick Environmental contract and legal action for property owners in the Millers Run project. The Board ended the executive session at 8:10 PM and returned to the general session.

ADJOURNMENT

There being no other business by unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich the meeting was adjourned at 8:12 PM. The next regular meeting is scheduled for Tuesday, August 18, 2009 at 6:00 PM.

Secretary