

WESTERN WESTMORELAND MUNICIPAL AUTHORITY

REGULAR MONTHLY MEETING – December 17, 2009

The Board of Directors of the Western Westmoreland Municipal Authority held a regular monthly meeting on Thursday, December 17, 2009 at 7:00 P.M. in the Authority conference room, duly advertised, as required, and with the following persons in attendance:

1. Roll Call:

Board Members in Attendance:

Mr. Stan Caroline	Mr. Larry Chrzan	Mr. Charles Konkus
Mr. Anthony Marks	Mr. John Nabuda	Mr. Robert Pioth
Mr. Leonard Santimyer	Mr. Jared Squires	Mr. Sam Testa
Mr. Tim Watson		

Others in Attendance:

Mr. John Campfield, Solicitor
Mr. Mark Poole, Consulting Engineer
Mr. Kevin Fisher, General Manager
Mrs. Johanna Wtorkowski, Assistant Secretary-Treasurer/Recording Secretary

2. Mr. Pioth led the Pledge of Allegiance, and moment of silence for our troops.

3. Public Comments: None – Mr. John Thornton was in attendance.

4. Communications:

A. Mr. Pioth referred to the notice regarding the Allegheny County Boroughs Associations 61st Annual Banquet.

5. Secretary's Report – Mr. Marks –

A. A motion was made by Mr. Konkus, and seconded by Mr. Chrzan, to approve, as presented, the minutes of the November 18, 2009 regular meeting. The motion passed unanimously

This concluded Mr. Marks' report.

6. Treasurer's Report – Mr. Watson – Mr. Watson presented the following Revenue Fund requisitions for approval:

A. A motion to approve for payment Revenue Fund Requisition No. 113, in the amount of \$199.73, payable to Scott Electric was made by Mr. Nabuda, and seconded by Mr. Chrzan. The motion passed 9-0, with one abstention from Mr. Konkus, who stated that there is a possible conflict due to his employment with Scott Electric. A memorandum, signed by Mr. Konkus, is attached to these minutes.

B. A motion to approve for payment Revenue Fund Requisition No. 114, in the amount of \$118,283.81 was made by Mr. Chrzan, and seconded by Mr. Testa. The motion passed unanimously.

This concluded Mr. Watson's report.

7. General Manager's Report – Kevin Fisher – Mr. Fisher added the following to the written report that was previously distributed.

A. Mr. Fisher requested Board authorization to award to the highest bidder the sale of the 1998 Chevy Tahoe. The following bids were received prior to the deadline of Thursday, December 17, 2009, 11:00 A.M.:

Sulli Motors	321 8 th Street	Ambridge, PA 15003	\$1,368.00
James Sokol	520 Milltown Road	New Kensington, PA 15068	\$ 678.00
Day Fleet Sales	1600 Golden Mile Highway	Monroeville, PA 15146	\$ 500.00

Mr. Fisher reported that a bid in the amount of \$1,400.00 was submitted by Mr. Ed Beter, of 2090 Shaw Street, North Huntingdon, PA 15642. Mr. Fisher stated that the bid was received at 1:10 P.M., after the scheduled bid opening, and therefore should be considered unresponsive. A motion was made by Mr. Testa, and seconded by Mr. Konkus, to reject the bid from Mr. Ed Beter, as it is considered to be unresponsive. The motion passed unanimously. A motion was made by Mr. Testa, and seconded by Mr. Marks, to award the bid to Sulli Motors, in the amount of \$1,368.00, for the 1998 Chevy Tahoe. Mr. Squires asked how Sulli Motors learned about the bid. Mr. Fisher explained that a request for bids was advertised in the Greensburg Tribune-Review. Mr. Konkus asked what the Blue Book value was for the 1998 Chevy Tahoe. Mr. Fisher stated that the vehicle was not listed in the Blue Book. The motion passed unanimously. The certified bid tabulation is attached to these minutes.

- B. Mr. Fisher reported that the annual lab accreditation permit renewal application was submitted. The permit expires on February 28, 2010, so the Authority is well ahead of the deadline.
- C. Mr. Fisher reported that Phase III of Irwin Borough's storm separation project was completed on Friday, November 20, 2009. All storm water in the borough is now being discharged into either Brush Creek or Tinker's Run, through a separate system.
- D. Mr. Fisher requested Board approval of the 2010 Regular Board Meeting dates. Mr. Fisher stated that the November meeting will be held on Tuesday, November 16, 2010, due to Irwin's annual light-up night being scheduled for Thursday, November 18, 2010. Mr. Konkus questioned whether the advertisement could be placed in the Norwin Star, in order to save on advertising costs. Mr. Testa stated that the Norwin Star may not be available to Hempfield Township residents. A motion was made by Mr. Chrzan, and seconded by Mr. Marks, to approve the 2010 regular meeting dates. The motion passed unanimously. The Board instructed Mrs. Wtorkowski to check the circulation of the Norwin Star, and if the circulation does not include all of WWMA's service area, to advertise the meetings in the Greensburg Tribune-Review. The 2010 regular meeting dates are as follows:

January 21, 2010
February 18, 2010
March 18, 2010
April 15, 2010
May 20, 2010
June 17, 2010
July 15, 2010
August 19, 2010
September 16, 2010
October 21, 2010
November 16, 2010
December 16, 2010

This concluded Mr. Fisher's General Manager's report. The complete report is attached to these minutes.

8. Consulting Engineer – Mark Poole, Wade Trim, Inc.:

Mr. Poole reviewed his written report dated December 17, 2009, which was distributed this evening.

A. Solids Processing Project:

- 1. Mr. Poole reported that the design is being finalized. The last major piece of the design is the placement of the sludge processing unit and piping. Mr. Poole stated that he has been working with Mr. Fisher and Authority staff to examine the existing pumps and piping.
- 2. Mr. Poole reported that a significant issue is the gas pressure that is currently being supplied to the plant. Mr. Poole stated that the current gas line is not large enough to provide adequate gas service to the existing equipment. Mr. Poole stated that this may be one reason why the cogeneration unit never worked properly. Mr. Poole has discussed a couple of options with a representative from the gas company. The size of the gas line may be increased, from the meter at the street to the corner of the final

clarifiers, a couple of valves may be connected to the existing 4" line that feeds the control building and the sludge processing building, and a new, larger gas line may be run along the fence and to the digester building. The gas company is currently reviewing information that was submitted by Mr. Poole.

B. Wet Weather Issues:

1. Mr. Poole reported that he spoke with Mr. Paul Eiswerth, of the PaDEP, regarding the Authority's Long-Term Control Plan. Mr. Eiswerth acknowledged the delays by the PaDEP, and stated that he will be addressing the plan soon, but not until after the first of the year.
2. Mr. Poole stated that the Part I NPDES Permit renewal will not be approved until the Long-Term Control Plan is approved.
3. Mr. Poole referred to a sample agenda of 3 Rivers Wet Weather's meeting regarding the ALCOSAN Basin Planning, which was distributed to the Board this evening.
4. Mr. Poole referred to a memorandum pertaining to the Environmental Quality Hearing Board Public Meeting, regarding Total Dissolved Solids Proposed Rulemaking, which impacts new discharging and expanded, existing discharges. Mr. Poole provided a brief summary of the memorandum. A brief discussion followed.

C. Annual Report and Budget:

1. Mr. Poole stated that copies of the approved 2009 Sewer System Annual Report and the 2010 Budget were distributed.

This concluded Mr. Poole's Engineer's report. The complete report is attached to these minutes.

9. Solicitor's Report – John Campfield –

- A. Mr. Campfield reported that the Authority has not yet received a response from Trafford Borough. Mr. Campfield sent a letter, asking when a response would be issued. When no response was received, Mr. Campfield sent a letter stating that, if a response is not received within ten (10) days, the Authority will petition the court for sanctions.
- B. Mr. Poole stated that he received a telephone call from Ms. Jan Oliver of ALCOSAN, who stated that Trafford Borough's Consulting Engineer, Mr. Don Glenn, is requesting information from ALCOSAN that Trafford Borough already possesses.
- C. Mr. Campfield reported that he received a response today from the North Huntingdon Township Municipal Authority. Mr. Campfield stated that he has not thoroughly reviewed the response, and that he, Kevin Fisher, and possibly Mark Poole, will prepare a response, which will be provided to the Board.

This concluded Mr. Campfield's report.

10. Reports of Committees:

A. Grounds and Maintenance Committee – Leonard Santimyer –

Mr. Santimyer stated that the plant grounds are in good condition. Mr. Fisher stated that the remaining light poles and lights have been ordered.

B. Personnel Committee – John Nabuda – There was nothing to report. Mr. Pioth stated that the Authority is now at full-staffing.

C. Finance and Budget Committee – Larry Chrzan:

1. Mr. Chrzan reported that the Authority received \$12,144.47 in interest in November, for a year-to-date total of \$219,824.28.
2. Mr. Fisher reported that he contacted several local banks regarding a bank loan for the Solids Processing and Improvements Project. Each bank was asked the following questions:
 - a. Would they would be able to provide a fixed rate for an eighteen to nineteen-year loan, and if so, on what would the rate be based?
 - b. Would there be a penalty for early repayment of the loan?
 - c. Would there be a debt service reserve requirement, and if so, what amount would be required?
 - d. Would there be closing costs, and if so, what would the amount be?

e. Would the bank be willing to be subordinate to the Trust Indenture and to the Pennvest loan?

It was made clear to the banks that repayment of the loan would be made from the Authority's sewer revenues.

Mr. Fisher presented to the Board the following summary of the bank proposals that were received:

S&T Bank offered five or ten-year terms that were resettable. The ten-year rate was 5%. At the end of the ten years, the rate would be adjusted to equal 65% of the then-current Farmer Home Loan Bank Rate. There would be no penalty for prepayment. There would be attorney fees of approximately \$3,000.00.

First Commonwealth Bank provided a proposal for a nineteen-year loan. The repayment amount would exceed Commonwealth Securities' bond issue estimates by approximately \$1,100,000.00. There would be attorney fees of approximately \$6,000.00. The Authority would be required to move its bank accounts to First Commonwealth Bank for the duration of the loan. While First Commonwealth did not object to being subordinate to the Trust Indenture and to the Pennvest Loan, they would require a security interest in all revenues of the Authority, and security interest in all tap fees related to the project. Mr. Fisher has requested clarification regarding this discrepancy. Mr. Fisher stated that there would be no tap fees associated with the project. First Commonwealth Bank would charge the Authority the difference between the interest that they earned versus the interest that they would have earned, in the event that the Authority would repay the loan early.

PNC offered a ten-year rate of 4.35%, which would be resettable, and would be based on the then-current Federal Home Loan rates. PNC would require a revenue pledge of the Authority, which would place PNC at least on parity with the Trustee and with Pennvest, which cannot be done. The Authority would be required to move its bank accounts to PNC Bank for the duration of the loan. Closing costs would be equal to PNC's attorney fees, which may be between \$7,000.00 and \$8,000.00.

First Niagara Bank recommended that the Authority consider a bond issue, stating that First Niagara could not compete with bond rates. First Niagara offered a five-year rate that would be resettable, based on Federal Home Loan rates. They only provided monthly or quarterly repayment schedules. There was no option for semi-annual payments.

Mr. Pioth stated that a Finance and Budget meeting was held on December 8, 2009, and that Mr. Marks was invited to attend the meeting. The members of the Finance and Budget Committee, along with Mr. Marks, came to the conclusion that a bank loan was not a feasible alternative. Mr. Pioth reminded the Board of Mr. Caroline's previous motion which stated that, if a bank loan was not feasible, the Authority would proceed with a bond issue through Commonwealth Securities and Investments, Inc. Mr. Pioth assured the Board that Commonwealth Securities will be questioned in depth regarding the bond issue. Mr. Santimyer suggested that, if future financing is required, the Authority begin searching for funding alternatives at an earlier date. Mr. Pioth stated that there are some Board members who are dissatisfied with the Authority's current financial adviser, and he reminded those in attendance that this Board approved Commonwealth Securities as the Authority's financial adviser. Mr. Pioth stated that the time to address the appointment of a financial advisor should take place before the February 2010 reorganization. A lengthy discussion followed, regarding the provisions of the proposed Bond Issue.

A motion was made by Mr. Marks, and seconded by Mr. Santimyer, to authorize Commonwealth Securities & Investments, Inc. to proceed with obtaining a credit rating and an insurance rating for the purposes of issuing sewer revenue bonds, providing the Authority has possession of the rating information. Mr. Marks asked if the credit rating and associated research findings would become the property of the Authority. Mr. Squires stated that the rating comes from Moody's. Mr. Nabuda asked if there were Board Members who wanted to go with someone other than Commonwealth Securities. There was no response. The motion passed unanimously.

A motion was made by Mr. Chrzan, and seconded by Mr. Nabuda, to schedule a special Board meeting for Thursday, January 14, 2010, at 7:00 P.M., to authorize the sale of the Bonds. The motion passed unanimously.

This concluded Mr. Chrzan's report.

3. Insurance Committee – Mr. Squires reported that an appraisal of the Authority's property and equipment is required, as it has been ten years since the last appraisal. Mr. Fisher stated that he will meet with Mr. Dan Becker, who will provide a proposal for the January 21, 2010 regular meeting. Mr. Fisher explained that an appraisal is required due to the completion of the Wet Weather Improvements Project. A listing of assets will be compiled, and items that will be removed from service during completion of the Solids Processing and Improvements Project will be removed from the appraisal list upon completion of the project.
 4. Sludge Committee – There was nothing to add to the report that was previously distributed.
 5. Legal and Engineering Services Committee – Sam Testa: There was no report.
11. Change Orders and Pay Estimates – NONE
12. Requisitions:
Mr. Pioth presented the following requisition with the motion to approve as follows:
- A. 2005 Construction Fund Requisition No. 2005-56 in the amount of \$70,996.00. Mr. Squires asked if the requisition included invoices that were expected, or that were actually received. Mr. Fisher stated that the invoices were actually received, and includes a final payment in the amount of \$31,023.80 to William T. Spaeder for the general construction contract of the Wet Weather Improvements Project. Motion to approve was made by Mr. Chrzan, and seconded by Mr. Squires. The motion passed unanimously.
13. Board Member Comments – Mr. Caroline requested a spreadsheet that would include the estimated project costs and the funding sources. Mr. Poole stated that this information has already been compiled. Mr. Poole will place the information into a different format for Mr. Caroline.
14. There was no executive session.
15. A motion to adjourn the meeting was made by Mr. Konkus, and seconded by Mr. Squires. The motion carried unanimously. The time was 8:25 P.M.

Anthony Marks
Secretary