



North Canton City Hall, 145 North Main Street, North Canton, Ohio 44720
330/499-3986

April 29, 2002

Mr. Rick McLaughlin, Chairman
Water, Sewer and Rubbish Committee
City of North Canton
145 North Main Street
North Canton, OH 44720

Dear Mr. McLaughlin:

I am writing this letter to offer additional documentation to support my calculations regarding the right-of-way expense that the City of North Canton could incur for the lifetime of the proposed pipeline.

The accounting firm of Reinhard, Kopko, Keller & McDonnell, Inc. has analyzed the agreement with the Metro Regional Transit Authority regarding the cost of the right-of-way described in paragraph 2.1 of the agreement. The accounting firm has put their conclusions in a letter and I have included this letter.

As you will see from the analysis done by this CPA firm, the conclusions on the cost of the right-of-way over the possible 100-year useful life of the pipeline actually exceed my estimate of \$1,046,857.23. This was due to the fact that I used a historical rate of inflation of 3.2% and research of the CPI over the last fifteen-years revealed a slightly higher rate of 3.26%.

I hope that this analysis by the firm of Reinhard, Kopko, Keller & McDonnell, Inc. provides further understanding regarding the accumulated lifetime fee payments for the right-of-way.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Osborne".

Chuck Osborne
Councilman at-Large

cc:
City Council
Law Director
Director of Finance
Director of Administration
Mayor

REINHARD

KOPKO

KELLER &

MCDONNELL, INC.

OUR MISSION: YOUR SUCCESS

April 25, 2002

Chuck Osborne
City of North Canton
145 N. Main Street
North Canton, OH 44720

Mr. Osborne:

As you requested, I have analyzed the contract with the Metro Regional Transit Authority as to the cost of the right of way for the first 100 years. However, I did not see any length of time specified in this contract. Paragraph 2.4 states several events that trigger termination, but not a guaranteed length of time. You did not request that I review the entire contract, only paragraph 2.1, however, I felt this was important as I am sure you will spend a substantial sum on the pipeline once you have secured the right of way.

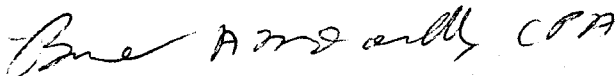
Paragraph 2.1 of the agreement states that the annual license fee shall be increased for each calendar year of this agreement by a percentage equal to the percentage of increase, if any, in the consumer price index during the preceding calendar year. I am enclosing a copy of the change in the consumer price index for the last 15 years. As you can see, it rarely has changed by less than 2% or more than 4%. It could in the future, but for our analysis I have used a rate of 3.26%, the average of the last 15 years.

The enclosed table shows the cost per year if the consumer price index changed by 3.26% per year for 100 years. The total of these costs are \$1,091,840 for the first 100 years. Please note a caveat, from my brief reading of the contract, the city does not own this right of way at the end of 100 years, but merely has the right to continue paying for it. The use of 100 years is somewhat arbitrary. I did not fully study all aspects of the contract, so I could be mistaken on this point.

I hope this analysis is helpful to you. If I can be of further assistance, please do not hesitate to call.

Thank you,

Reinhard, Kopko, Keller & McDonnell, Inc.



Bruce A. McDonnell, CPA

CERTIFIED PUBLIC ACCOUNTANTS

4598 DRESSLER RD NW, CANTON, OHIO 44718-2546 PHONE 330 493 9200 FAX 330 493 1030