

JACKSON TWP WATER AUTHORITY

February 11, 2010

WALTER DITCHCREEK, CHAIRMAN OPENED THE SPECIAL MEETING at 5:30 p.m. Other board members in attendance were Robb Piper, Vice Chairman; Ray Dodson, Treasurer. CJ Webb, JTWA Solicitor was also present.

The Board announced that it held a brief executive session at 5:00 p.m. to discuss potential litigation.

A discussion occurred regarding the fact that the First National Bank has closed its local branch which was only approx ½ mile from the JTWA office. As a result of this closing, the JTWA employees have been forced to travel approximately 10 miles to conduct its banking and have experienced numerous practical and logistical problems related to maintaining the depository relationship with FNB because of the added expense and lost time related to employee travel. Somerset Trust Company has now opened a bank branch at that same location only approx ½ mile from the JTWA office. Everyone agreed that it would be much more convenient to use the local branch for JTWA's banking needs.

Solicitor Webb informed the Board that a commitment letter related to the bank permanent financing in the amount of \$600,000 has been received from Somerset Trust Company, the local bank that has opened a branch in Jackson Township. Somerset Trust Company is proposing a loan for the amount of \$600,000 at the rate of Three and one-half percent (3.50%) which is less than the FNB proposed loan.

FNB was proposing Four percent (4.00%) per annum fixed for five (5) years; thereafter, the interest rate shall be reset to the Tax Free Equivalent of the sum of the then-existing Five Year Federal Home Loan Bank of Pittsburgh Rate as released by the Federal Home Loan Bank of Pittsburgh, plus two and three-quarters percent (2.75%) fixed for five (5) years. (See file copy) Total term 10 years. Interest rate was subject to the Jackson Township Water Authority and Jackson Township maintaining their primary deposits with FNB. A Township guarantee was also required by the Bank.

Somerset Trust Company, is proposing a five (5) year adjustable based on 70% of the (5) Five Year Treasury Constant Maturity. This rate shall change every (5) Five Years and shall always be 3.0% plus the above index. Today, the rate would be Fixed at 3.50% for the first Five Years. Under no circumstances will the interest rate on this loan be less than 3.50% per annum. Under no circumstances will the interest rate on this loan be greater than 7.50% per annum or the maximum rate allowed by applicable law. Terms and Repayment: (10) Ten Years (120 months) with monthly principal and interest payments. (See file copy) Total term 10 years. Depository Accounts maintained at Somerset Trust Company. Somerset Trust Company requires a copy of all properly filed documents necessary to satisfy the requirements of the Local Government Unit Debt Act and the Municipal Authorities Act of 1945, as amended, all necessary documentation designating the borrowing as a tax-exempt, bank-qualified obligation under Section 265(b)(3) of the Internal Revenue Code of 1986 as amended, and the opinion of Counsel for the Authority, and for the Township attesting to the validity of the issuance and/or tax-exempt nature of this borrowing including an appropriate certification with respect to non-arbitrage and compliance with arbitrage

rebate requirements. Principal payments will comply with the Pennsylvania Unit Government Debt Act as determined by Bond counsel. A Township guarantee is also required by the Bank.

The Solicitor explained that the change to Somerset Trust Company will result in \$3,000 in additional legal fees for Attorney Long and Attorney Webb to convert the loan to Somerset Trust Company, but that the reduced interest rate should be beneficial to JTWA over the term of the loan.

The Solicitor presented a Resolution for consideration by the Board. (See file copy) MOTION BY WALT, SECOND BY ROBB AND APPROVED BY ALL TO ADOPT RESOLUTION #2-2010-01 TO RESCIND AND TERMINATE THE AUTHORITY'S ACCEPTANCE OF FIRST NATIONAL BANK'S COMMITMENT FOR SUCH LOAN, RELATING TO THE PERMANENT FINANCING WITH FIRST NATIONAL BANK. Notice hereof shall be given immediately by the Authority to First National Bank.

The Solicitor presented a Resolution for consideration by the Board. (See file copy) MOTION BY RAY, SECOND BY ROBB AND APPROVED BY ALL TO ADOPT RESOLUTION #2-2010-02 TO ACCEPT AND APPROVE THE COMMITMENT LETTER DATED FEBRUARY 5, 2010, RELATING TO THE PERMANENT FINANCING WITH SOMERSET TRUST COMPANY. No Closing date has been scheduled.

MOTION BY ROBB, SECOND BY RAY AND APPROVED BY ALL TO ACCEPT AND APPROVE THE COMMITMENT LETTER, RELATING TO THE PERMANENT FINANCING WITH SOMERSET TRUST COMPANY, IN A FORM ACCEPTABLE TO THE SOLICITOR.

The Solicitor informed the Board that the Agreement with the Greater Johnstown Water Authority regarding supplying water to "Marcellus Gas Well" locations in Jackson Township, is being reviewed by the GJWA Board and could be ready for signature in approximately one week.

MOTION BY WALT, SECOND BY ROBB AND APPROVED BY ALL TO ADJOURN THE MEETING AT 5:40 p.m.