

JACKSON TWP WATER AUTHORITY

December 3, 2009

WALTER DITCHCREEK, CHAIRMAN OPENED THE SPECIAL MEETING @ 7:00 a.m. Other board members in attendance were Robb Piper, Vice Chairman; John Wallet, Secretary; Ray Dodson, Treasurer. CJ Webb, JTWA Solicitor; Rich Wray, consulting engineer for the Swigle Mountain Road Water Project, Township Supervisor Bruce Baker, Township Supervisor David Bracken, Township Manager David Hirko, and Township Solicitor William Barbin also attended.

The Solicitor Webb informed the Board that the commitment letter related to the bank permanent financing has been received from First National Bank in the amount of \$600,000 at the rate of 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 is subject to the Jackson Township Water Authority and Jackson Township maintaining their primary deposits with FNB. A Township guarantee is also required by the Bank. The Solicitor presented a Resolution for consideration by the Board. (See file copy) MOTION BY JOHN, SECOND BY WALT AND APPROVED BY ALL TO ACCEPT AND APPROVE THE COMMITMENT LETTER DATED NOVEMBER 25, 2009, RELATING TO THE PERMANENT FINANCING WITH FIRST NATIONAL BANK. No Closing date has been scheduled.

The Solicitor informed the Board that modification of the legal services agreements may become necessary to allocate the respective \$25,000 legal services amount related to the permanent financing to PennVest and Army Corp as determined by legal counsel and Engineer, to the extent required by the funding agencies. MOTION BY ROBB, SECOND BY JOHN AND APPROVED BY ALL TO APPROVE MODIFICATION OF THE LEGAL SERVICES AGREEMENTS TO ALLOCATE THE \$25,000 PERMANENT FINANCING TO PENNVEST AND ARMY CORP AS DETERMINED BY LEGAL COUNSEL AND ENGINEER, TO THE EXTENT REQUIRED BY THE FUNDING AGENCIES.

The Solicitor informed the Board concerning the proposed modified legal services agreements which are necessary as a result of the change in funding related to refinancing the existing GMAC/Capmark Finance, Inc., Servicer of Outstanding 1982 Water Revenue Bond Retirement of Outstanding Bond Principal to be "Called" on March 10, 2010, in the amount of \$552,809.93. There is no change in the Permanent financing legal services agreements dollar amounts. However, the revisions clarify that the Permanent refinancing to purchase Notes or Bonds to effect the payoff of the 1982 Water Revenue Bond is not covered in the existing legal services agreements. The Solicitor indicated that it is anticipated that the legal services agreements regarding the Permanent refinancing of the 1982 Water Revenue Bond will be presented to the Board in the near future. The Solicitor presented revised legal services agreements related to the permanent financing for both Attorney Webb and Attorney Long. (See file copies) MOTION BY WALT, SECOND BY JOHN AND APPROVED BY ALL TO APPROVE THE REVISED LEGAL SERVICES AGREEMENT WITH ATTORNEY WEBB RELATED TO PERMANENT FINANCING IN THE AMOUNT OF \$25,000, PLUS COSTS IN THE AMOUNT OF \$500.

MOTION BY JOHN, SECOND BY RAY AND APPROVED BY ALL TO APPROVE THE REVISED LEGAL SERVICES AGREEMENT WITH ATTORNEY LONG RELATED TO PERMANENT FINANCING IN THE AMOUNT OF \$25,000, PLUS COSTS IN THE AMOUNT OF \$2,500.

Rich Wray informed the Board that while this was previously approved by the Board, a PennDOT Resolution needs to be approved again for the Swigle Mountain Road Water Project, since there is a requirement that the approval be less than six (6) months old when executing bonds. MOTION BY ROBB, SECOND BY JOHN AND APPROVED BY ALL TO ADOPT THE PENNDOT RESOLUTION. (See file copies)

The Solicitor requested an executive session concerning potential litigation at 7:15 a.m.

The meeting reconvened at 7:35 a.m.

A discussion occurred regarding the supply of trucked water to Marcellus gas wells being developed in Jackson Township. Attorney Barbin indicated that in his capacity as solicitor for the Greater Johnstown Water Authority he has been authorized to propose cooperation generally concerning the following points:

- The sharing would be accomplished by sharing the net sale price of any water sold for the purpose of trucking water to gas wells being developed in Jackson Township.
- Net sales price would be the price the water is sold for (\$5.94 per thousand in GJWA agreement with PDC) less the cost Jackson pays Nanty Glo per thousand for water.
- If JTWA sold water from a hydrant to fill up a gas company truck, they would subtract the Nanty Glo Cost, and split whatever was left over with GJWA.
- If GJWA sells water, from Saltlick or any other site to a truck, for use on a well in Jackson Township, they will deduct the Nanty Glo price of water (to cover costs of production) and split the balance with JTWA.
- Payment to be made within 30 days of receipt of payment
- Cover all trucked water for gas wells in Jackson Twp, not just PDC.
- This will not cover water sold directly from a line owned by JTWA to be used on a site without intermediate trucking (a permanent fixed customer.)
- Either party may cancel this agreement upon 90 days written notice.

It was the consensus of all present that the solicitors for JTWA and GJWA should prepare an agreement to finalize the language concerning this proposal. MOTION BY ROBB, SECOND BY JOHN AND APPROVED BY ALL TO AUTHORIZE AN AGREEMENT WITH THE GREATER JOHNSTOWN WATER AUTHORITY REGARDING SUPPLYING WATER TO "MARCELLUS GAS WELL" LOCATIONS IN JACKSON TOWNSHIP, SUBJECT TO REVIEW AND APPROVAL BY THE SOLICITOR.

MOTION BY WALT, SECOND BY JOHN AND APPROVED BY ALL TO ADJOURN THE MEETING AT 7:45 A.M