

WESTERN WESTMORELAND MUNICIPAL AUTHORITY

SPECIAL MEETING – JANUARY 10, 2008

The Board of Directors of the Western Westmoreland Municipal Authority held a special meeting on Thursday, January 10, 2008 at 7:00 P.M. in the Authority conference room, duly advertised, as required, and with the following persons in attendance:

Board Members Present:

Ms. Pat Altman	Mr. Larry Chrzan	Mr. Dan Hall
Mr. Charles Konkus	Mr. Robert Pioth	Mr. Sam Testa
Mr. Tim Watson		

Absent Board Members:

Mr. Anthony Marks	Mr. John Shepherd	Mr. Robert Zentner
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Others in Attendance:

John Campfield, Solicitor  
Kevin Fisher, General Manager  
Johanna Wtorkowski, Recording Secretary  
Marcia Rojcewicz, Commonwealth Securities and Investments, Inc.  
Attorney James H. Webster, Houston Harbaugh, Attorneys at Law

Mr. Pioth led the Pledge of Allegiance and moment of silence for troops overseas.

Public Comments: None – No Visitors were in attendance

Communications: Mr. Pioth referred to the WEF Tech membership application. After discussion, the Board decided to table the issue of Board membership to WEF Tech until the January 17, 2008 Board Meeting.

A motion to approve Resolution No. 2008-01 appointing Johanna Wtorkowski as Assistant Secretary-Treasurer, effective immediately and through the next reorganization, was made by Larry Chrzan, and seconded by Pat Altman. The motion carried unanimously.

A motion was made by Pat Altman, and seconded by Sam Testa, to authorize Johanna Wtorkowski to make purchases, with a per-purchase limit of \$4,000.00. The motion carried unanimously.

Ms. Marcia Rojcewicz, of Commonwealth Securities and Investments, Inc., and Mr. James Webster, Esquire, of Houston Harbaugh, Attorneys at Law, presented to the Board information pertaining to the Interest Rate Swap Agreement between the Authority and PNC Bank. Ms. Rojcewicz explained that, at the end of 2006, the Authority entered into an agreement with PNC Bank, for an exchange of interest rates. The current effective date of this agreement is January 15, 2008, with the first payment scheduled for April 15, 2008. Ms. Rojcewicz

explained that Deriv Active and Image Investment Management Advisory Group, Inc. have been constantly monitoring interest rates. Ms. Rojcewicz read a memorandum from Mr. Marty Stallone and Mr. Robert Kintner, of Image Investment Management Advisory Group, Inc., which explained that, if the swap payments were to begin accruing today, current interest rates indicate that the Authority would realize negative cash flows. The Authority has the option to delay the effective date of the swap agreement by two years, thereby eliminating the possibility of negative cash flows for the next two years.

Ms. Rojcewicz explained that the interest rates on which the Authority's payments are based are short-term interest rates, and the interest rates that PNC Bank would pay to the Authority are based on long-term interest rates, which are typically higher than short-term rates.

Ms. Rojcewicz explained that the Authority has three options. The first option is to delay the effective date of the agreement, which would eliminate the risk of negative cash flows for two years. The ratio of the 10-year BMA (now SIFMA) Swap Rate would remain the same, at 78.175%. The second option is to take no action. The effective date of the agreement would remain at January 15, 2008, and, based on current interest rates, the Authority would be accruing negative cash flows of approximately negative 51 basis points equal to \$43,682 of estimated annualized cash flows. The third option is to terminate the swap agreement at current market value. Terminating the swap agreement will eliminate all associated risks, as well as all financial and legal obligations.

Due to changes in market conditions, Ms. Rojcewicz is recommending a change in the agreement, which will delay the effective date of the Swap agreement by two (2) years.

Mr. Webster explained that a decision must be made before January 15, 2008, the effective date of the original agreement.

Mr. Campfield explained that the Authority has the right to back out of the swap agreement at any time.

Mr. Webster explained that the Authority is currently in a negative position, but, if the agreement were terminated now, there is a current value of approximately \$8,000.00. Unwind fees that would be charged to the Authority if the Authority decided to end the agreement would be deducted from the value of the swap agreement.

After Board Discussion, a motion was made by Mr. Chrzan, and seconded by Ms. Altman to approve Resolution No. 2008-02, delaying the effective date of the Interest Rate Swap Agreement between Western Westmoreland Municipal Authority and PNC Bank by two years. A roll-call vote was requested.

Pat Altman – yes

Chuck Konkus – yes

Tim Watson – yes

Larry Chrzan – yes

Robert Pioth – yes

Dan Hall – yes

Sam Testa – yes

The motion passed by a 7-0 vote.

At this time, a motion was made by Ms. Altman, and seconded by Mr. Watson to enter into an executive session to discuss personnel matters and matters of potential litigation. The motion carried unanimously. The time was 8:20 P.M.

Motion to return to the regular order of business was made by Ms. Altman, and seconded by Mr. Hall. The motion carried unanimously. The time was 8:35 PM.

Johanna Wtorkowski referred to a letter written by Consulting Engineer Mark Poole, of HDR Engineering, Inc., in which he recommended that no transfer be made in January 2008 from the Revenue Fund to the Capital Improvements Fund.

A motion to adjourn the meeting was made by Ms. Altman, and seconded by Mr. Chrzan. The motion carried unanimously. The time was 8:37 P.M.

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Secretary