

MohantyGargiulo_{LLC}

May 9, 2010

Mr. Uri Monson
Executive Director
Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Re: Fairness Opinion on the Pricing of the Termination of Two Interest Rate Swaps Between the Pennsylvania Intergovernmental Cooperation Authority and JP Morgan Chase Bank, N.A.

Dear Mr. Monson:

On May 4, 2010, Mohanty Gargiulo LLC assisted the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") in the unwind of two LIBOR swaps (the "1993A Swap" and the "1996 Swap") with JP Morgan Chase Bank N.A. ("JP Morgan"). The swaps were unwound as part of the Authority's plan to refund its series 2008A and 2008B variable rate demand bonds with fixed rate bonds.

The swaps were originally structured as interest rate swap options which the Authority sold to JP Morgan on November 16, 2001 to effect the synthetic refunding of the Authority's 1993A and 1996 bonds. In exchange for these options, the Authority received from JP Morgan a swaption premium totaling \$16,515,000 (\$10,700,000 for the 1993A Swap and \$5,815,000 for the 1996 Swap). JP Morgan exercised its right to enter into the 1993A and 1996 Swaps on June 15, 2003 and June 15, 2006 respectively. Under the terms of the 1993A Swap, the Authority paid a fixed rate of between 5.01864% and 5.00000%, which changed annually based on a predetermined schedule. The Authority received from JP Morgan 67% of one-month USD LIBOR. The initial notional amount of the 1993A Swap was \$163,185,000, which amortized annually through the final maturity of June 15, 2022 (the notional amount at the time of execution was \$126,915,000). The Authority will make a payment to JP Morgan in the amount of \$24,318,000 on May 15, 2010 to terminate the transaction.

Under the terms of the 1996 Swap, the Authority paid a fixed rate of between 5.48419% and 5.52057%, which changed annually based on a predetermined schedule. The Authority received from JP Morgan 67% of one-month USD LIBOR. The initial notional amount of the 1996 Swap was \$89,950,000, which amortized annually through the final maturity of June 15, 2020 (the notional amount at the time of execution was \$75,900,000). The Authority will make a payment to JP Morgan in the amount of \$15,360,000 on May 15, 2010 to terminate the transaction.

At the time of pricing, taking into account relevant live market data, we determined the termination amounts for each swap inclusive of hedging costs for the following components 1) the fixed vanilla LIBOR swap, 2) the 1m / 3m LIBOR basis, and 3) the weekly averaging of one-month LIBOR. It is our opinion that the Authority is paying a fair market price to terminate the 1993A and 1996 Swaps, and that a different counterparty, in an arms-length market transaction committed to at the time of the unwind, would have been willing to receive the same or greater respective payment in return for unwinding swaps of the same structure.

MohantyGargiulo^{LLC}

We appreciate the opportunity to work with the Authority.

Sincerely,



Seema Mohanty
Managing Director



Zoya Gargiulo
Managing Director