

AG E N D A
JAMES CITY COUNTY BOARD OF DIRECTORS
REGULAR MEETING
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
August 9, 2016
6:30 PM

A. CALL TO ORDER

B. ROLL CALL

C. CONSENT CALENDAR

1. Minutes Adoption - July 26, 2016 Regular Meeting
2. Formal Acceptance of Water and Sewer Systems – FY 16
3. Changes to the Regulations Governing Utility Service – Utility Bill Due Date
4. Contract Award - Removal, Rebuild, Recondition and Installation of Water Treatment Plant Pump and Motor Assemblies - \$255,430
5. Contract Award – SCADA Upgrade and System Integration - \$136,687

D. PUBLIC HEARING(S)

E. BOARD CONSIDERATION(S)

1. Financial Policy and Investment Policy Update

F. BOARD REQUESTS AND DIRECTIVES

G. GENERAL MANAGER'S UPDATE

H. ADJOURNMENT

1. Adjourn until 6:30 pm on September 27, 2016 for the Regular Meeting

ITEM SUMMARY

DATE: 8/9/2016
TO: The Board of Directors
FROM: Teresa J. Fellows, Administrative Coordinator
SUBJECT: Minutes Adoption - July 26, 2016 Regular Meeting

ATTACHMENTS:

	Description	Type
▣	072616 BOD Minutes	Minutes

REVIEWERS:

Department	Reviewer	Action	Date
Board Secretary	Fellows, Teresa	Approved	7/28/2016 - 8:09 AM

MINUTES
JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS
REGULAR MEETING
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
July 26, 2016
6:30 PM

A. CALL TO ORDER

B. ROLL CALL

John J. McGlennon, Roberts District
Ruth M. Larson, Berkeley District
P. Sue Sadler, Vice Chairman, Stonehouse District
Michael J. Hipple, Powhatan District
Kevin D. Onizuk, Chairman, Jamestown District

M. Douglas Powell, General Manager
Bryan J. Hill, Secretary to the Board

C. CONSENT CALENDAR

1. Minutes Adoption - June 28, 2016, Regular Meeting

A motion to Approve was made by Mr. Hipple and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

D. PUBLIC HEARING(S)

E. BOARD CONSIDERATION(S)

F. BOARD REQUESTS AND DIRECTIVES

Mr. McGlennon congratulated Mr. Powell for a very successful Public Meeting last evening. He asked about the current water usage given the weather that we have been experiencing.

Mr. Powell stated that in the last few weeks demand has grown extensively due to the high temperatures.

Mr. McGlennon asked if the pipes are handling the increase in demand.

Mr. Powell stated generally speaking, yes; however, last week there were three pipes that broke in the same day.

Ms. Sadler stated that she had heard a concern from a citizen that the information regarding the future water solutions was difficult to find on the website.

Mr. Hill stated that a link was being created on the main JCSA webpage with all of the information regarding future water solutions.

The Board echoed the sentiment regarding the Public Meeting last evening. It was very informative for the residents.

Ms. Larson asked if at one meeting the Board could discuss and receive information about the changeover to a different type of meter.

Mr. Powell stated yes, that would be a good discussion to have as the JCSA is looking at switching over to radio-read meters.

Mr. Hipple voiced his concerns about JCSA taking over private wells in subdivisions, normally at a loss. He is concerned about the rate payers having to pick up the share.

Mr. Onizuk thanked Mr. Powell for the Public Meeting and all the information that was given last night. He also thanked the citizens that were in attendance.

G. GENERAL MANAGER'S UPDATE

Mr. Powell thanked the Board for attending the Public Meeting last night and for its support. The meeting last night was a requirement of the Department of Environmental Quality as part of the Joint Permit application process for constructing a raw water intake plant and water treatment facility as proposed on the Chickahominy River. The purpose of the meeting was to present the proposal and to receive public comment and answer any questions. He believes it was a productive meeting with positive dialogue between staff and the residents.

Mr. Powell briefly updated the Board regarding the agenda for next month's meeting, including a financial policy based on the recommendation of the bonding agency. Also, there will be a change to the billing cycle. Currently the JCSA billing cycle is 30 days and that will be changing to 21 days. The reason being, there is a new state law that says you have to notify someone within 30 days that they are delinquent, but it only works if you have a less than 30 day billing cycle. The trade-off for the rate payer is that the new law extends the amount of time before the rate payer can be disconnected for nonpayment.

H. ADJOURNMENT

1. Adjourn until 6:30 p.m. on August 9, 2016, for the Regular Meeting

A motion to Adjourn was made by Mr. Hipple and the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: McGlennon, Larson, Sadler, Hipple, Onizuk

At 7:04 p.m., Mr. Onizuk adjourned the Board.

Bryan J. Hill
Secretary to the Board

ITEM SUMMARY

DATE: 8/9/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Formal Acceptance of Water and Sewer Systems – FY 16

ATTACHMENTS:

	Description	Type
▣	Memo	Cover Memo
▣	Resolution	Cover Memo

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	7/19/2016 - 3:36 PM
Publication Management	Boles, Amy	Approved	7/19/2016 - 3:42 PM
Legal Review	Kinsman, Adam	Approved	7/19/2016 - 4:38 PM
Board Secretary	Fellows, Teresa	Approved	7/19/2016 - 4:44 PM
Board Secretary	Purse, Jason	Approved	7/29/2016 - 8:33 AM
Board Secretary	Fellows, Teresa	Approved	7/29/2016 - 11:47 AM

MEMORANDUM

DATE: August 9, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Formal Acceptance of Water and Sewer Systems – FY 16

Attached is a resolution formally accepting water and sewer systems constructed and contributed to the James City Service Authority (JCSA) by developers during FY 16. The resolution lists the value of the infrastructure at the time of completion. The total value of \$6,867,680 will be included in the net capital asset calculations for JCSA's FY 16 Comprehensive Annual Financial Report pending the Board's acceptance of the systems. JCSA had net capital assets totaling \$161,288,064 in the FY 15 Annual Report.

Staff recommends adoption of the attached resolution accepting the dedication of the infrastructure.

MDP/ab
WaterSewerFY16-mem

Attachment

RESOLUTION

FORMAL ACCEPTANCE OF WATER AND SEWER SYSTEMS – FY 16

WHEREAS, certain water and sewer infrastructure has been constructed by developers and dedicated to the James City Service Authority (JCSA); and

WHEREAS, this water and sewer infrastructure has been constructed in accordance with technical requirements of JCSA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby formally accepts the dedication of the water and sewer systems listed below, as of June 30, 2016:

Water Dedications

<u>Development</u>	<u>Value</u>
Colonial Heritage-Phase 4, Section 2	\$ 511,750
Cottages at Stone Haven	238,000
Ford's Colony-Section 33	266,800
Ford's Colony-Section 34	38,500
King of Glory Lutheran Church	55,700
Liberty Ridge-Phase 2	258,650
Peleg's Point-Section 6	379,300
Villas at Five Forks	263,925
Westport Well Facility	2,200,000
White Hall-Section 3	92,250
3893 Strawberry Plains Road Subdivision	<u>16,150</u>
Total:	<u>\$4,321,025</u>

Sewer Dedications

<u>Development</u>	<u>Value</u>
Colonial Heritage-Phase 4, Section 2	\$ 659,360
Cottages at Stone Haven	333,645
Ford's Colony-Section 33	393,590
Ford's Colony-Section 34	133,640
Greenmount Industrial Park Force Main	40,000
King of Glory Lutheran Church	28,570
Peleg's Point-Section 6	507,650
Villas at Five Forks	308,670
White Hall-Section 3	112,675
3893 Strawberry Plains Road Subdivision	<u>28,855</u>
Total:	<u>\$2,546,655</u>

Water and Sewer Total: \$6,867,680

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	_____	_____	_____
LARSON	_____	_____	_____
ONIZUK	_____	_____	_____
SADLER	_____	_____	_____
HIPPLE	_____	_____	_____

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 9th day of August, 2016.

WaterSewerFY16-res

ITEM SUMMARY

DATE: 8/9/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Changes to the Regulations Governing Utility Service – Utility Bill Due Date

ATTACHMENTS:

	Description	Type
▣	Memo	Cover Memo
▣	Resolution	Resolution
▣	Exhibit of Proposed Changes	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	7/19/2016 - 3:35 PM
Publication Management	Boles, Amy	Approved	7/19/2016 - 3:41 PM
Legal Review	Kinsman, Adam	Approved	7/19/2016 - 4:39 PM
Board Secretary	Fellows, Teresa	Approved	7/19/2016 - 4:42 PM
Board Secretary	Purse, Jason	Approved	7/29/2016 - 8:38 AM
Board Secretary	Fellows, Teresa	Approved	7/29/2016 - 11:46 AM

MEMORANDUM

DATE: August 9, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Changes to the Regulations Governing Utility Service – Utility Bill Due Date

The attached resolution approves changes to the “Regulations Governing Utility Service” as outlined in the attachment. The proposed revisions change the utility bill due date from 30 days to 21 days from the date of the utility bill and deletes obsolete language.

These changes are needed to match James City Service Authority’s (JCSA) utility bill due date with the due date of the JCSA’s billing agent, Hampton Roads Utility Billing Service (HRUBS). HRUBS is a cooperative billing service provided by Hampton Roads Sanitation District (HRSD) and participating localities. Customers receive one combined bill for JCSA water, JCSA wastewater collection and HRSD wastewater treatment. Participating local utilities provide water meter readings to HRSD which are used to calculate HRSD’s wastewater treatment charges. HRSD provides bill printing, postage and payment processing at no cost to participating localities.

HRSD’s governing body adopted the due date change on June 28, 2016, to efficiently comply with new legislation intended to give customers additional time to pay their bills before water service can be disconnected. In a sample scenario of a July 1 bill due date, a customer now has 23 more days to pay before water service can be disconnected.

The new legislation requires that a delinquency notice be provided to customers who have not paid the full bill amount 30 days after the due date and that a disconnection notice be provided to customers at least 10 business days prior to the scheduled disconnection date. HRSD determined the 21 day due date decreases the chance of a customer’s timely payment submission date overlapping with the new delinquency notice. In addition, the new due date is the best match for the varied billing frequencies in the localities served by HRSD/HRUBS.

The proposed changes are listed in the attachment and would become effective October 1, 2016, to allow sufficient advance notice to customers. Staff recommends adoption of the proposed resolution.

MDP/ab
ChangestoReg-mem

Attachment

RESOLUTION

CHANGES TO THE REGULATIONS GOVERNING UTILITY SERVICE

WHEREAS, a change is required to match the James City Service Authority's (JCSA) utility bill due date with the due date of the JCSA's billing agent, Hampton Roads Utility Billing Service.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby adopts the changes to Section 13, General Rate Policy and Rate Schedule, Regulations Governing Utility Service as summarized in the attachment, which will become effective October 1, 2016.

BE IT FURTHER RESOLVED, that the attachment showing the proposed changes be made part of this resolution.

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	___	___	___
LARSON	___	___	___
ONIZUK	___	___	___
SADLER	___	___	___
HIPPLE	___	___	___

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 9th day of August, 2016.

ChangestoReg-res

SECTION 13. UTILITY BILL

- A. Frequency; address. A utility bill shall be mailed quarterly to every customer for utility service supplied during the time period shown on the utility bill; provided, however, those customers whose aggregate bill exceeds \$750.00 per quarter shall be billed monthly. The Utility may bill on a bimonthly basis for sewer where meter readings taken by a non-Utility water system owner can be used to determine consumption. Each utility bill shall contain, as a minimum, the following information:
- B. Contents of Bill. Each utility bill shall contain, as a minimum, the following information:
1. The date of the utility bill.
 2. The time period and number of days of utility service covered by the utility bill.
 3. The utility charge(s) due.
 4. The date when complete payment is due at the Authority office, which date shall be ~~thirty (30)~~ twenty-one (21) days from the date of the utility bill. ~~The bill shall also notify customer that if payment is to be made to one of the area banks which is authorized to receive utility payments, such payment must be made at least ten (10) working days prior to the date that the payment is due at the Authority Office.~~
 5. Notice whether the bill is based on an actual or an estimated measurement of the amount of utility service supplied.
 6. Notice that the customer may call the Authority customer representative whose telephone number shall be listed on the utility bill, in order to:
 - (a) Dispute the amount of the utility charges.
 - (b) Avoid the termination of utility service for nonpayment of the amount(s) shown on the utility bill.
 - (c) Apply for restoration of utility service.
 - (d) Request answers to any other questions about utility service.
- C. Mailing address. The utility bill shall be sent to the mailing address shown on the "Application for Service and Contract"; provided, however, the utility bill shall be sent to a different address when the customer has given to the Authority notice of such different address.
- D. Correction of utility bill. The Authority reserves the right to correct a utility bill rendered in error.

ITEM SUMMARY

DATE: 8/9/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Contract Award - Removal, Rebuild, Recondition and Installation of Water Treatment Plant Pump and Motor Assemblies - \$255,430

ATTACHMENTS:

	Description	Type
☐	Memo	Cover Memo
☐	Resolution	Resolution

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	7/19/2016 - 4:32 PM
Publication Management	Boles, Amy	Approved	7/19/2016 - 4:37 PM
Legal Review	Kinsman, Adam	Approved	7/19/2016 - 4:39 PM
Board Secretary	Fellows, Teresa	Approved	7/19/2016 - 4:45 PM
Board Secretary	Purse, Jason	Approved	7/29/2016 - 8:35 AM
Board Secretary	Fellows, Teresa	Approved	7/29/2016 - 11:47 AM

MEMORANDUM

DATE: August 9, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Contract Award - Removal, Rebuild, Recondition and Installation of Water Treatment Plant Pump and Motor Assemblies - \$255,430

James City Service Authority's (JCSA) Capital Improvements Program (CIP) budget includes funds to rebuild water treatment pump and motor assemblies at JCSA's Five Forks Water Treatment Facility. These assemblies have reached a point in their service lives when rebuilding maintenance is required to continue safe, efficient and effective operation. This project consists of removing, rebuilding and reinstalling four reverse osmosis feed pump and motor assemblies, one high-service pump and motor assembly and one submersible pump.

Submersible pumps withdraw groundwater into the plant's production wells. Reverse osmosis pumps and motor assemblies provide the pressure required to push water through the plant membranes for the reverse osmosis process. High-service pump and motor assemblies push finished water from the water treatment process out into the distribution system.

A Request for Proposals (RFP) was solicited from qualified firms for the rebuild work. Three firms responded to the RFP by describing their interest, qualifications, project approach and experience in performing similar work. A team of staff members representing JCSA and the James City County Purchasing Division evaluated the proposals. Based on the criteria listed in the RFP (qualifications and experience; capabilities including personnel, equipment, means and methods; methodology; and proposed cost and schedule), the Evaluation Committee selected Collins Machine Works as the most fully qualified firm that best met JCSA's needs as defined in the RFP. Collins Machine Works has done satisfactory work for JCSA in the past.

A price of \$255,430 was negotiated for the work and funds are available in JCSA's FY 17 approved CIP budget.

Staff recommends approval of the attached resolution awarding the pump and motor assembly rebuild contract to Collins Machine Works for \$255,430.

MDP/ab
CA-WaterTreatment-mem

Attachment

RESOLUTION

CONTRACT AWARD – REMOVAL, REBUILD, RECONDITION AND INSTALLATION

OF WATER TREATMENT PLANT PUMP AND MOTOR ASSEMBLIES - \$255,430

WHEREAS, a Request for Proposals (RFP) has been advertised and evaluated for rebuilding water treatment pump and motor assemblies at James City Service Authority’s (JCSA) Five Forks Water Treatment Facility; and

WHEREAS, three firms submitted proposals and Collins Machine Works was determined to be the most fully qualified firm that best met JCSA’s needs as defined in the RFP.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the contract for rebuilding water treatment pump and motor assemblies at JCSA’s Five Forks Water Treatment Facility to Collins Machine Works for \$255,430.

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	_____	_____	_____
LARSON	_____	_____	_____
ONIZUK	_____	_____	_____
SADLER	_____	_____	_____
HIPPLE	_____	_____	_____

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 9th day of August, 2016.

ITEM SUMMARY

DATE: 8/9/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Contract Award – SCADA Upgrade and System Integration - \$136,687

James City Service Authority's (JCSA) Capital Improvements Program (CIP) budget includes funds to upgrade the Supervisory Control and Data Acquisition System (SCADA) communication system that monitors and controls JCSA's 107 facilities. A Request for Proposals (RFP) was solicited from qualified firms for the SCADA upgrade.

ATTACHMENTS:

	Description	Type
□	Memo	Cover Memo
□	Resolution	Resolution

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	7/22/2016 - 10:24 AM
Publication Management	Burcham, Nan	Approved	7/22/2016 - 10:27 AM
Legal Review	Kinsman, Adam	Approved	7/22/2016 - 10:52 AM
Board Secretary	Mellen, Sue	Approved	7/22/2016 - 2:13 PM
Board Secretary	Purse, Jason	Approved	7/29/2016 - 8:35 AM
Board Secretary	Fellows, Teresa	Approved	7/29/2016 - 11:47 AM

MEMORANDUM

DATE: August 9, 2016
TO: The Board of Directors
FROM: M. Douglas Powell, General Manager, James City Service Authority
SUBJECT: Contract Award – SCADA Upgrade and System Integration - \$136,687

James City Service Authority's (JCSA) Capital Improvements Program (CIP) budget includes funds to upgrade the Supervisory Control and Data Acquisition System (SCADA) communication system that monitors and controls JCSA's 107 facilities. The data transmission technology, hardware and software used in the current system are approaching the end of their service lives and require replacement over the next several years.

The hardware and software replacement portion of the project consists of upgrading existing programmable logic controller's (PLC) hardware and software, and integrating them with the new cable modem data transmission system and existing facility equipment. PLCs are industrial computers used to control machinery and equipment. The project includes hardware and software purchases, programming, engineering design services, construction and installation.

The SCADA upgrade project will be completed in several phases. Phase 1 will serve as a pilot project and trial period and consists of seven sites: three well facilities, a water pressure reducing station and three wastewater lift stations. This phase will be used as a training opportunity for JCSA staff to develop the most effective and efficient methods to coordinate with the contractor. Remaining sites will be completed in subsequent phases.

A Request for Proposals (RFP) was solicited from qualified firms for the SCADA upgrade. Eight firms responded to the RFP by describing their interest, qualifications, project approach and experience in performing similar work. A team of staff members representing JCSA and the James City County Purchasing Division evaluated the proposals. Based on the criteria listed in the RFP (qualifications and experience; capabilities including personnel, equipment, means and methods; methodology; and proposed cost and schedule), the Evaluation Committee selected E-Merge Systems, Inc. as the most fully qualified firm that best met the JCSA's needs as defined in the RFP. E-Merge Systems, Inc. has completed other similar water and wastewater SCADA projects for Virginia public utilities on time and on budget and received satisfactory reference checks.

A price of \$136,687 was negotiated for Phase 1 work and funds are available in JCSA's FY 17 approved CIP budget. Pricing for subsequent phases will be negotiated in the future using line item prices submitted with the RFP.

Staff recommends approval of the attached resolution awarding the contract to E-Merge Systems, Inc. for \$136,687.

MDP/ab
CA-SCADAUpgrade-mem

Attachment

RESOLUTION

CONTRACT AWARD – SCADA UPGRADE AND SYSTEM INTEGRATION-\$136,687

WHEREAS, a Request for Proposals (RFP) has been advertised and evaluated for Supervisory Control and Data Acquisition System (SCADA) upgrade and system integration; and

WHEREAS, eight firms submitted proposals and E-Merge Systems, Inc. was determined to be the most fully qualified firm that best met JCSEA’s needs as defined in the RFP.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the contract for SCADA upgrade and system integration to E-Merge Systems, Inc. for \$136,687 for Phase 1.

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	_____	_____	_____
LARSON	_____	_____	_____
ONIZUK	_____	_____	_____
SADLER	_____	_____	_____
HIPPLE	_____	_____	_____

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 9th day of August, 2016.

CA-SCADAUpgrade-res

ITEM SUMMARY

DATE: 8/9/2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Financial Policy and Investment Policy Update

ATTACHMENTS:

	Description	Type
▣	Memo	Cover Memo
▣	Resolution	Resolution
▣	Exhibit 1 Financial Policy	Exhibit
▣	Exhibit 2 Investment Policy Update	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
James City Service Authority	Powell, Doug	Approved	7/19/2016 - 4:32 PM
Publication Management	Boles, Amy	Approved	7/19/2016 - 4:38 PM
Legal Review	Kinsman, Adam	Approved	7/19/2016 - 4:38 PM
Board Secretary	Fellows, Teresa	Approved	7/19/2016 - 4:44 PM
Board Secretary	Purse, Jason	Approved	7/29/2016 - 8:35 AM
Board Secretary	Fellows, Teresa	Approved	7/29/2016 - 11:47 AM

MEMORANDUM

DATE: August 9, 2016

TO: The Board of Directors

FROM: M. Douglas Powell, General Manager, James City Service Authority

SUBJECT: Financial Policy and Investment Policy Update

Developing and complying with a formal financial policy is a sound business practice and is considered a credit strength by rating agencies such as Moody's Investors Service and Standard and Poor's Financial Services.

Staff developed the Financial Policy with Davenport & Company, LLC, James City Service Authority's (JCSA) Financial Advisor and the County's Financial and Management Services Department. The Policy is designed to protect JCSA's financial resources through sound financial management, balanced consideration of both short-term and long-term priorities and concerns and maintenance of its credit ratings. Areas addressed include reserves, budgeting, debt management and investments. The existing JCSA Investment Policy will be incorporated into the Financial Policy.

The Board initially approved an Investment Policy on September 18, 1995 and last updated it in 2013. The Investment Policy sets forth the investment and operational policies for the management of public funds.

The proposed Investment Policy updates were developed with the JCSA's Investment Manager, PFM Asset Management LLC, to provide more flexibility and more options for additional returns through a 5% increase in the portfolio sector limits (from 20% to 25%) for corporate notes and negotiable certificates of deposit and bank deposit notes. Until several years ago, federal agency securities were a reliable way to add value to the portfolio. The supply of federal agency securities has decreased significantly in the past several years since the United States Treasury Department mandated a reduction in the portfolios of the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

The Financial Policy and the updated Investment Policy are attached as Exhibits No. 1 and 2 respectively. Staff recommends approval of the attached resolution.

MDP/ab
FinanInvestPolicy-mem

Attachments

RESOLUTION

FINANCIAL POLICY AND INVESTMENT POLICY UPDATE

WHEREAS, the Board of Directors desires to safeguard James City Service Authority public funds through sound financial management and investment, balanced consideration of both short-term and long-term priorities and concerns and maintenance of its credit ratings.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby adopts the attached Financial Policy and updated Investment Policy.

Kevin Onizuk
Chairman, Board of Directors

ATTEST:

Bryan J. Hill
Secretary to the Board

	<u>VOTES</u>		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	___	___	___
LARSON	___	___	___
ONIZUK	___	___	___
SADLER	___	___	___
HIPPLE	___	___	___

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 9th day of August, 2016.

FinanInvestPolicy-res

JCSA Financial Policy

- 1) **Purpose:** This Financial Policy is designed to protect the Authority's financial resources through sound financial management, balanced consideration of both short-term and long-term priorities and concerns, and maintenance of its credit ratings.
- 2) **Reserves-**At a minimum, unrestricted cash and liquid investment reserves will be maintained at the average of the last three fiscal years' operating and maintenance expenses less depreciation plus debt service.
- 3) **Budgeting**
 - a. **Rate Study-**A comprehensive rate study will be performed at least every five years.
 - b. **Annual Operating Budget**
 1. The Board of Directors will annually adopt a budget that: is balanced with planned revenues equal to planned expenses based on financial forecasts, considers the affordability of rates, has user fees and charges that fully support the total direct and indirect costs of the activity, provides for the adequate maintenance and operations of the water and wastewater systems, provides adequate funding of all adopted retirement benefit programs, maintains required reserves at least equal to the minimum balance as defined in this Policy, and enables the Authority to meet the debt service coverage target defined in this Policy.
 2. The Authority will work toward reducing reliance on facility charge revenue by increasing total operating revenues to a level that will fund total operating expenses and debt service costs by fiscal year 2022.
 3. The Authority will annually prepare a Comprehensive Annual Financial Report (CAFR) that is audited by an independent CPA firm. The annual report will meet Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board's (GASB) Statements.
 4. The Authority will follow applicable procurement laws and policies.
 5. The Authority will maintain internal controls to safeguard assets against loss and insure the reliability of financial records.
 6. The Authority will follow a risk management program to safeguard its assets, minimize financial liability and promote safety.
 - c. **Capital Improvement Plan-**The Board of Directors will adopt a minimum five year Capital Improvement Plan (CIP) and update it annually. The Plan will identify projects to be undertaken to meet projected needs for infrastructure renewal, expansion or replacement and appropriate financing methods for the Plan. The

Authority will maintain an asset management program to guide the maintenance and funding of its capital assets.

4) Debt Management

- a. Growth in debt service will be sustainable and consistent with projected growth of revenue so that debt service coverage of at least 1.5 will be maintained.
- b. Long term borrowing will not be used to finance current operations or expenses for normal maintenance.
- c. Debt will be refunded when it is in the best financial interest of the Authority.
- d. All trust indenture requirements and applicable laws will be met or exceeded.
- e. Full disclosure will be made on bond issue documents and in response to bond rating agency communications.
- f. Debt financing terms will be equal to or less than a project's useful life.

5) Investments-The JCSA Investment Policy previously adopted by the Board of Directors is incorporated into this Financial Policy.

James City Service Authority

Statement of Investment Policy

Revised August 9, 2016 ~~March 26, 2013~~

James City Service Authority

Statement of Investment Policy

Table of Contents

<i>Purpose</i>	<u>1</u>
<i>Scope of the Investment Policy</i>	<u>1</u>
<i>Investment Objectives</i>	<u>1</u>
<i>Delegation of Authority</i>	<u>2</u>
<i>Standard of Prudence</i>	<u>2</u>
<i>Ethics and Conflict of Interest</i>	<u>3</u>
<i>Authorized Investments</i>	<u>3</u>
<i>Bank Deposits</i>	<u>5</u>
<i>Portfolio Diversification</i>	<u>5</u>
<i>Maximum Maturity</i>	<u>6</u>
<i>Prohibited Investments and Investment Practices</i>	<u>6</u>
<i>Engagement of Investment Managers</i>	<u>7</u>
<i>Selection, Approval of Brokers, Qualified Financial Institutions</i>	<u>7</u>
<i>Competitive Selection of Investment Instruments</i>	<u>8</u>
<i>Security Downgrades</i>	<u>8</u>
<i>Investment of Bond Proceeds</i>	<u>8</u>
<i>Safekeeping and Custody</i>	<u>9</u>
<i>Performance Standards</i>	<u>9</u>
<i>Reporting</i>	<u>9</u>
<i>Investment Policy Adoption</i>	<u>10</u>

James City Service Authority

Statement of Investment Policy

Purpose

The James City Service Authority (“the JCSA”) is a public body politic and corporate of the Commonwealth of Virginia. The JCSA was created in 1969 by the James City County Board of Supervisors pursuant to the Virginia Water and Sewer Authorities Act (Code of Virginia, 1950, as amended). The JCSA’s Board of Directors is appointed by the Board of Supervisors.

The purpose of this policy is to set forth the investment and operational policies for the management of public funds of the JCSA. These policies have been adopted by, and can be changed only by, the JCSA Board of Directors.

These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

It shall be the policy of the JCSA that all investments and investment practices meet or exceed all statutes governing the investment of public funds in Virginia and any investment restrictions imposed by bond covenants. Further, accounting for the JCSA Portfolio shall be consistent with guidelines of the Governmental Accounting Standards Board (GASB).

Scope of the Investment Policy

This investment policy is a comprehensive one that governs the overall administration and investment management of those funds held in the JCSA’s investment portfolio. This policy shall apply to such funds from the time of receipt until the time the funds ultimately leave the JCSA’s accounts. These funds include, but are not limited to, all operating funds, debt service funds, and capital project funds (“the JCSA’s Portfolio”).

The monies of individual funds may be commingled for investment purposes. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the management or administration of these funds.

Investment Objectives

All investments will be in accordance with the Code of Virginia Sections §2.2-4400 et seq. and §2.2-4500 et seq. and applicable Indentures of Trust.

The JCSA’s Portfolio shall be managed to accomplish the following hierarchy of objectives:

- 1 - Preservation of Principal*** - The single most important objective of the JCSA’s investment program is the preservation of principal of those funds within the portfolio.

2 - Maintenance of Liquidity - The portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the JCSA, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.

3 - Maximize Return - The portfolio shall be managed with the objective of obtaining a market rate of return over the course of budgetary and economic cycle within the context and parameters set forth by objectives 1 and 2 above.

Delegation of Authority

The Board of Directors is responsible for the adoption of the investment policy, and must approve any revisions or alterations made to the policy.

The JCSA Assistant Manager (the “Treasurer”) shall have responsibility for the operation of the investment program. The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts. The Treasurer is supported by an Assistant Treasurer who is assigned to the Department of Financial and Management Services, James City County.

The Treasurer may employ an Investment Manager as defined in this Policy under Engagement of Investment Managers to assist in managing some or all of JCSA’s Portfolio.

No other person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

Standard of Prudence

The standard of prudence to be applied to the investment of the JCSA’s Portfolio shall be the “Prudent Investor” rule that states:

“Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

The Treasurer and other JCSA employees and officials involved in the investment process acting in accordance with the Code of Virginia, this policy and any other written procedures pertaining to the administration and management of the JCSA’s Portfolio and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that any negative deviations are reported in a timely fashion to the JCSA General Manager and that reasonable and prudent action is taken to control and prevent any further adverse developments. Furthermore, in accordance with Section §2.2-4410 et seq. of the Code of Virginia, the Treasurer shall not be liable for loss of public money due to the default, failure or insolvency of a depository.

Ethics and Conflict of Interest

The State and Local Government Conflict of Interests Act governs officers and employees, including those involved in the JCSA's investment process. Specifically, Code of Virginia Section § 2.2-3103 (5) and (6) of the Act provide that no officer or employee shall:

- 1) Accept any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence him in the performance of his official duties; or
- 2) Accept any business or professional opportunity when he knows there is a reasonable likelihood that the opportunity is being afforded to influence him in the performance of his official duties.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Treasurer.

Authorized Investments

In accordance with Section §2.2-4500 et seq. of the Code of Virginia and other applicable law, the JCSA shall be permitted to invest in any of the following securities. The Treasurer may impose additional requirements and restrictions to ensure JCSA's goals are met.

1. **U.S. Treasury Obligations.** Bills, notes and any other obligation or security issued by or backed by the full faith and credit of the United States Treasury. The final maturity shall not exceed a period of five (5) years from the time of purchase.
2. **Federal Agency Obligations.** Bonds, notes and other obligations of the United States, and securities issued by any rated federal government agency or instrumentality or government sponsored enterprise. The final maturity shall not exceed a period of five (5) years from the time of purchase.
3. **Municipal Obligations.** Bonds, notes and other general obligations of the Commonwealth of Virginia and its agencies, authorities, and political subdivisions upon which there is no default, has a rating of at least AA by Standard & Poors and Aa by Moody's Investor Services, matures within five (5) years of the date of purchase, and otherwise meets the requirements of Code of Virginia §2.2-4501.
4. **Commercial Paper.** "Prime quality" commercial paper, with a maturity of 270 days or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organization ("NRSROs" see Glossary for more information).

5. **Bankers Acceptance.** Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSROs.
6. **Corporate Notes.** High quality corporate notes with a rating of at least “AA” (or its equivalent) by Moody’s Investors Service, Inc. and Standard & Poors, Inc. The final maturity shall not exceed a period of five (5) years from the time of purchase.
7. **Negotiable Certificates of Deposit and Bank Deposit Notes.** Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor’s, Inc., and P-1 by Moody’s Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor’s and Aa by Moody’s Investor Service, Inc., for maturities over one (1) year. The final maturity may not exceed a period of five (5) years from the time of purchase.
8. **Money Market Mutual Funds (Open-Ended Investment Funds).** Shares in open-end, no-load investment funds provided such funds are registered under the Federal Investment Company Act of 1940, provided that the fund is rated at least “AAAm” or the equivalent by an NRSRO. The mutual fund must comply with all requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, provided the investments by such funds are restricted to investments otherwise permitted by the Code of Virginia for political sub-divisions.
9. **Local Government Investment Pool (LGIP).** A specialized money market-like fund created in the 1980 session of the General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAAm by Standard & Poors, Inc.
10. **Repurchase Agreements.** An agreement under which the holder of securities sells these securities to an investor with a contract to repurchase the securities at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement and the terms of the agreement are structured to compensate him for this. In overnight, term and open repurchase agreements provided that the following conditions are met:
 - a. The contract is fully secured by deliverable U.S. Treasury and Federal Agency obligations as described in paragraph 1 above, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;
 - b. A Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction;
 - c. The securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for the JCSA, provided such third party is not the seller under the repurchase agreement;
 - d. A perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the JCSA;
 - e. For repurchase agreements with terms to maturity of greater than one (1) day, the JCSA will value the collateral securities daily and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);

- f. The counterparty is a:
 - i. Primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or
 - ii. A bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
- g. The counterparty meets the following criteria:
 - i. A long-term credit rating of at least 'AA' or the equivalent from an NRSRO.
 - ii. Has been in operation for at least 5 years, and
 - iii. Is reputable among market participants.
- h. For term repurchase agreements, maximum maturity shall be 30 days or less.

Bank Deposits

Certificates of deposit and other evidences of deposit in any national banking association, Federal Savings and Loan Association or Federal Savings Bank located in Virginia and any bank, trust company or savings institutions organized under Virginia law are permitted by and shall be made in accordance with Section §2.2-4400 et seq. of the Code of Virginia. The JCSA will maintain bank deposits meeting the following requirements:

- 1) The maturity is no greater than one (1) year at the time of purchase;
- 2) Certificates of deposit will be placed directly with depository institutions (no third parties or money brokers will be used);
- 3) Deposits will be secured in accordance with the Virginia Security for Public Deposits Act, (Section §2.2-4400 et seq.) of the Code of Virginia.

Portfolio Diversification

The JCSA's Portfolio shall be diversified by security type and institution. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

Permitted Investment	Sector Limit	Issuer Limit*
U.S. Treasury Obligations	100%	100%
Federal Agency Obligations	100	3
Federal Agency Mortgage-Backed Securities	10	1
Municipal Obligations	20	5
Commercial Paper	35	5
Bankers' Acceptances	35	5
Corporate Notes	25 20	5
Negotiable Certificates of Deposit and Bank Deposit Notes	25 20	5
Money Market Mutual Funds	50	5
LGIP	50	5
Repurchase Agreements	50	2
Collateralized Bank Deposits	35	3

*Issuer Limit refers to the allowable percentage of the entire Portfolio.

The combined amount of bankers' acceptances, commercial paper and corporate notes shall not exceed fifty percent (50%) of the total book value of the portfolio at the date of acquisition.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the JCSA is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of the JCSA in order to avoid the forced sale of securities prior to maturity.

For purposes of this Investment Policy, assets of the JCSA shall be segregated into three categories based on expected liquidity needs and purposes | short-term operating funds, the core portfolio and bond proceeds.

Short-Term Operating Funds. Assets categorized as short-term funds will be invested in permitted investments maturing in twelve (12) months or less. The average weighted maturity of the short-term assets will not exceed 180 days. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio will be continuously invested in readily available funds such as money market mutual funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Core Portfolio. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than 5 years from the date of purchase. To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years.

Bond Proceeds. Proceeds from the sale of bonds will be invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term to maturity of securities purchased. However, in no case will bond proceeds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investment is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Board of Directors.

Prohibited Investments and Investment Practices

The JCSA is prohibited from:

- 1) Investment in reverse repurchase agreements;
- 2) Short sales (selling a specific security before it has been legally purchased);
- 3) Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
- 4) Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices;
- 5) Investing in any security not specifically permitted by this Policy.

Engagement of Investment Managers

The Treasurer may engage one or more qualified firms to provide investment management services for JCSA. All investment management firms who desire to provide investment services to JCSA will be provided with current copies of the JCSA's Investment Policy. Before an organization can provide investment services to the JCSA, it must confirm in writing that it has received and reviewed the JCSA's Investment Policy.

Only firms meeting the following requirements will be eligible to serve as investment manager for the JCSA:

- 1) Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
- 2) Must provide to JCSA an annual updated copy of Form ADV, Part II;
- 3) Must be registered to conduct business in the Commonwealth of Virginia; and
- 4) Must have proven experience in providing investment management services under Code of Virginia §2.2-4500 et seq.

Any firm engaged by JCSA to provide investment services shall:

- 1) Maintain a list of approved security brokers/dealers selected by creditworthiness who are authorized to provide investment services in the Commonwealth of Virginia; maintenance of this list shall relieve the firm of the requirements below in ***Selection, Approval of Brokers, Qualified Financial Institutions*** to provide a copy of the JCSA Investment Policy and maintain a current audited financial statement on file for each qualified entity;
- 2) Provide monthly reports of transactions and holdings to the Treasurer;
- 3) Provide quarterly performance reports that display investment performance in comparison to JCSA's investment benchmarks and which show that the manager has solicited at least three bids for any security purchased or sold on behalf of JCSA; and
- 4) Not collect any soft dollar fees from any broker/dealer or other financial firm in relation to services provided to JCSA.

Selection, Approval of Brokers, Qualified Financial Institutions

The Treasurer and/or the JCSA's Investment Manager shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes ("Qualified Institutions").

The Treasurer shall require potential firms to supply information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information shall be provided:

- 1) Audited financial statements;
- 2) Regulatory reports on financial condition;
- 3) Proof of Financial Institution Regulatory Authority (FINRA) certification and of state registration;
- 4) A sworn statement by an authorized representative of the firm pledging to adhere to Capital Adequacy Standards established by the Federal Reserve Bank and acknowledging the firm understands that JCSA has relied upon this pledge; and

- 5) Any additional information requested by the Treasurer in evaluating the financial capacity and creditworthiness of the firm.

Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) “Primary” dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Capital of no less than \$10,000,000;
- 3) Registered as a dealer under the Securities Exchange Act of 1934;
- 4) Member of the Financial Industry Regulatory Authority (FINRA);
- 5) Registered to sell securities in Virginia; and
- 6) The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.

All brokers, dealers and other financial institutions deemed to be Qualified Institutions shall be provided with current copies of the JCSA’s Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the JCSA transacts business.

Competitive Selection of Investment Instruments

It will be the policy of the JCSA to transact all securities purchase/sales only with Qualified Institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers, taking into consideration current market conditions. Electronic bids will be accepted. The JCSA will accept the offer which, in the sole judgment of the Treasurer or his/her designee that: (a) offers the highest rate of return within the maturity required; and (b) optimizes the investment objective of the overall portfolio, including diversification requirements. When selling a security, the JCSA will select the bid that generates the highest sale price, consistent with the diversification requirements.

Primary fixed price federal agency offerings may be purchased from the list of Qualified Institutions without competitive solicitation if it is determined that no agency obligations meeting the JCSA’s requirements are available in the secondary market at a higher yield.

Security Downgrades

In the event that any security held in the JCSA’s Portfolio is downgraded below the minimum ratings specified in the section entitled “Authorized Investments,” the Treasurer shall be notified immediately and shall make a determination on the security’s disposition. The Investment Manager’s downgrade notification to the Treasurer shall include a recommendation for the security’s disposition.

Investment of Bond Proceeds

The JCSA intends to comply with all applicable sections of the Internal Revenue Code of 1986, Arbitrage Rebate Regulations and bond covenants with regard to the investment of bond proceeds. Accounting records will be maintained in a form and for a period of time sufficient to document compliance with these regulations.

Sinking fund investments will be limited to those securities authorized by Section 2.2-4500 et seq. of the Code of Virginia.

Safekeeping and Custody

All investment securities purchased by the JCSA or held as collateral on deposits or investments shall be held by the JCSA or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction.

All securities in the JCSA's Portfolio shall be held in the name of the JCSA and will be free and clear of any lien. Further, all investment transactions will be conducted on a delivery-vs.-payment basis. The custodial agent shall issue a safekeeping receipt to the JCSA listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the custodial agent will also provide reports that list all securities held for the JCSA, the book value of holdings and the market value as of month-end.

Appropriate JCSA officials and representatives of the custodial agent responsible for, or in any manner involved with, the safekeeping and custody process of the JCSA shall be bonded in such a fashion as to protect the JCSA from losses from malfeasance and misfeasance.

Performance Standards

The investment portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the JCSA. Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U. S. Treasury Bill. Medium term investments and other funds that have a longer-term investment horizon will be compared to an index of U. S. Treasury securities having a similar duration or other appropriate benchmark.

Reporting

The Treasurer or Investment Manager shall prepare an investment report not less than monthly. This report shall include: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, yield-on-cost, market value and other features deemed relevant and (ii) a listing of all transactions executed during the month.

The Treasurer or Investment Manager shall prepare a "Quarterly Investment Report" that summarizes (i) recent market conditions, economic developments and anticipated investment conditions, (ii) the investment strategies employed in the most recent quarter, (iii) a description of all securities held in investment portfolios at month-end, (iv) the total rate of return for the quarter and year-to-date versus appropriate benchmarks, and (v) any areas of policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statements 31 and 40 pertaining to the valuation of investments and the treatment of unrealized gains/losses.

The quarterly report will also include a statement that the investment of the JCSA's Portfolio is in compliance with this Policy and any applicable bond resolutions.

Investment Policy Adoption

This policy is adopted by the Board of Directors of the James City Service Authority this 9th
~~26th~~ day of ~~August 2016~~ ~~March 2013~~.

Approved by:

James City Service Authority

ITEM SUMMARY

DATE: 8/9/2016
TO: The Board of Directors
FROM: Teresa J. Fellows, Administrative Coordinator
SUBJECT: Adjourn until 6:30 pm on September 27, 2016 for the Regular Meeting

REVIEWERS:

Department	Reviewer	Action	Date
Board Secretary	Fellows, Teresa	Approved	7/28/2016 - 8:08 AM