

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 4TH DAY OF NOVEMBER NINETEEN HUNDRED EIGHTY-FIVE AT 7:10 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

**A. ROLL CALL**

William F. Brown, Chairman  
Perry M. DePue, Vice-Chairman  
Thomas D. Mahone  
Jack D. Edwards  
Stewart U. Taylor

James B. Oliver, Jr., Secretary  
John E. McDonald, Treasurer  
Frank M. Morton, III, County Attorney  
Sanford B. Wanner, Business Manager

**B. MINUTES - September 30, 1985 - Regular Meeting**

Mr. Mahone made a motion to approve the minutes as presented.

The motion passed by a unanimous voice vote.

**C. BOARD CONSIDERATIONS**

**1. James Terrace Bond Documents**

Mr. DePue made a motion to approve the resolution.

The motion passed by a unanimous voice vote.

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND AWARD OF A \$200,000 WATER REVENUE BOND, SERIES OF 1985, OF JAMES CITY SERVICE AUTHORITY TO EXTEND THE AUTHORITY'S WATER AND SEWER SYSTEM AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, James City Service Authority (the Authority) is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Sewer Authorities Act by the Board of Supervisors of James City County, Virginia; and

WHEREAS, by a resolution adopted January 8, 1979, as amended and readopted on August 11, 1980 (the Initial Resolution), the Authority authorized the extension of the System, as defined in the Initial Resolution, to serve the citizens of James City County and the issuance, sale and award of \$2,820,000 James City Service Authority Sewer Revenue Bonds in Series A and B (the Series A Bond and the Series B Bond, collectively referred to hereinafter as the Initial Bonds); and

WHEREAS, by supplemental resolution adopted on December 13, 1982 (together with the Initial Resolution, collectively referred to hereinafter as the Prior Resolutions), the Authority has heretofore issued a \$612,000 Water and Sewer Revenue Bond, Series of 1983, pursuant to Article IV of the Initial Resolution (together with the Initial Bonds, collectively referred to hereinafter as the Prior Bonds) to extend the System;

WHEREAS, the Authority is not in default in payment of principal of or interest on the Prior Bonds, or in the performance of any of the covenants, conditions, agreements and provisions contained in the Prior Bonds or in the Prior Resolutions;

WHEREAS, within the limitations of and in compliance with Article IV of the Initial Resolution, the Authority is authorized to issue additional bonds secured on a parity with the Prior Bonds to finance the cost of completion of the System or the acquisition or construction of improvements, extensions, additions and replacements to the System;

WHEREAS, the Authority has determined to extend the System and to issue its revenue bond in the principal amount of \$200,000 (the 1985 Additional Bond), the proceeds of which, together with other available funds, are estimated to be sufficient to pay the cost of the James Terrace Water Project as hereinafter defined; and

WHEREAS, the United States of America, acting through the Farmers Home Administration (the Government), has offered to purchase the 1985 Additional Bond upon certain terms and conditions as set forth in the letter attached hereto as Exhibit A, and the Authority, after mature consideration of the condition of the municipal bond market, has determined to satisfy such terms and conditions and award the 1985 Additional Bond to the Government;

BE IT RESOLVED BY JAMES CITY SERVICE AUTHORITY:

#### ARTICLE I

##### JAMES TERRACE WATER PROJECT

Section 1.1. Authorization of James Terrace Water Project: The Authority hereby authorizes the construction of water lines to serve the citizens in the James Terrace area (the James Terrace Water Project) in James City County, Virginia. The James Terrace Water Project is hereby made a part of the System as defined in the Initial Resolution.

Section 1.2. Cost of James Terrace Water Project: The cost of the James Terrace Water Project authorized herein is estimated to be \$400,000, \$200,000 of which is to be financed through the issuance of the 1985 Additional Bond and \$200,000 of which is to be financed with moneys from the Authority.

#### ARTICLE II

##### AUTHORIZATION, FORM, EXECUTION, DELIVERY AND REGISTRATION OF 1985 ADDITIONAL BOND

Section 2.1. Authorization of 1985 Additional Bond: There is hereby authorized to be issued a water revenue bond of the Authority in the principal amount of \$200,000 to provide funds to finance, in part, the cost of the James Terrace Water Project. The 1985 Additional Bond shall be designated "James City Service Authority Water Revenue Bond, Series of 1985," and shall be issued on a parity with the Prior Bonds.

Section 2.2. Sale and Details of the 1985 Additional Bond: The 1985 Additional Bond shall be issued as a single fully registered bond in the denomination of \$200,000, shall be dated the date of its delivery to the Government upon payment of the purchase price therefor (the Closing Date), shall be

numbered R-1, shall bear interest at the rate of 10% per year, and shall provide for payment of interest only on the first anniversary of the Closing Date. Installments of combined principal and interest of \$1,702 are payable beginning the 13th full month following the Closing Date and continuing on the same date of each month thereafter until the principal of the bond is paid in full. If not sooner paid, the final installment shall be due and payable 40 years from the Closing Date. The payment of every installment shall be applied first to interest accrued to the payment date and then to principal. In the event the Closing Date occurs on the 29th, 30th or 31st day of a month, the payment date shall be the 28th day of the month.

At the request of the Government, the 1985 Additional Bond may be delivered as a fully registered bond in the alternative form contained herein providing for principal advances to be made from time to time by the Government in an aggregate amount not to exceed \$200,000. An authorized officer of the Government shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances attached to the 1985 Additional Bond when the proceeds of such advances are delivered to the Authority. Each such principal advance shall bear interest from the date of such advance so entered on the certificate.

Installments shall be payable in lawful money of the United States of America, but only from the revenues pledged to the payment thereof as hereinafter provided. Installments shall be payable by check or draft mailed to the registered owner of the 1985 Additional Bond at its address as it appears on the registration books, except that the final installment shall be payable upon presentation and surrender of the 1985 Additional Bond at the office of the Secretary of the Authority who is hereby appointed Registrar.

Section 2.3. Execution of 1985 Additional Bond: The 1985 Additional Bond shall be signed by the Chairman of the Authority and countersigned by its Secretary and its seal shall be affixed thereto.

Section 2.4. Form of 1985 Additional Bond: The 1985 Additional Bond shall be in substantially the following form:

No. R-1

\$200,000

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

JAMES CITY SERVICE AUTHORITY

Water Revenue Bond, Series of 1985

James City Service Authority (the Authority), a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Sewer Authorities Act (Chapter 28, Title 15.1, Code of Virginia of 1950, as amended) (the Act), for value received, hereby promises to pay, solely from the revenues described in the Bond Resolutions, as hereinafter defined, and pledged to the payment hereof, to the United States of America, Farmers Home Administration, or registered assigns, the principal sum [equal to the aggregate amount of principal advances shown on the attached Certificate of Principal Advances but not to exceed the sum]1/ of

TWO HUNDRED THOUSAND DOLLARS (\$200,000)

and to pay, solely from such source, to the registered owner hereof interest on the unpaid principal from the date [hereof] [of each advance shown on the attached Certificate of Principal Advances]1/ until payment of the entire principal sum at the rate of ten percent (10%) per year. Interest only is payable on \_\_\_\_\_, 19\_\_\_. Installments of combined principal and interest of \$1,702 are payable beginning on \_\_\_\_\_, 19\_\_, and continuing on the \_\_\_ day of each month thereafter until the principal of this bond is paid in full, each installment to be applied first to interest accrued to such payment date and then to principal. The final installment, if not sooner paid, shall be due and payable 40 years from the date hereof. Such installments shall be payable in lawful money of the United

1/ Alternative language to be used if the Government requests provision for principal advances.

States of America by check or draft mailed to such registered owner at its address as it appears on the registration books kept for that purpose at the office of the Secretary of the Authority who has been appointed Registrar, except that the final installment shall be payable upon presentation and surrender hereof at the office of the Registrar.

This bond has been authorized by a resolution adopted by the Authority on October 21, 1985, supplementing a resolution adopted by the Authority on January 8, 1979, as amended and readopted on August 11, 1980, and as supplemented by a resolution adopted on December 13, 1982 (collectively, the Bond Resolutions), and is issued pursuant to the Act to provide funds, together with other available funds, to pay the cost of constructing water lines in the James Terrace portion of the Authority's service area as an extension to the Authority's water and sewer system (the System) in James City County. Copies of the Bond Resolutions are on file at the office of the Authority in Williamsburg, Virginia. This bond is a limited obligation of the Authority secured on a parity with the Authority's outstanding \$2,120,000 Sewer Revenue Bond, Series A, \$700,000 Sewer Revenue Bond, Series B, and \$612,000 Water and Sewer Revenue Bond, Series of 1983 (collectively, the Prior Bonds), and all other bonds heretofore or hereafter issued on account of the System and secured solely by a pledge of the revenues derived from the operation of the System. Reference is hereby made to the Bond Resolutions and any amendments thereto for the provisions, among others, describing the pledge and covenants securing the bond, the nature and extent of the security, the terms and conditions upon which the bond is issued, the rights and obligations of the Authority and the rights of the bondholder.

Both principal of and interest on this bond are payable solely from the revenues pledged thereto in the Bond Resolutions, and nothing herein or in the Bond Resolutions shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority.

Installments of principal due on this bond may be prepaid at the option of the Authority at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium. Prepayments of installments of principal shall not affect the obligation of the Authority to pay the remaining installments payable as provided above.


Additional bonds secured equally and ratably with this bond and the Prior Bonds may be issued from time to time under the conditions, limitations and restrictions set forth in the Bond Resolutions to finance the cost of the completion of the System or the acquisition or construction of improvements, extensions, additions and replacements to the System.

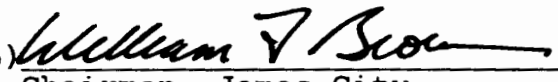
This bond is fully registered as to both principal and interest. Transfer of this bond may be registered upon books maintained for that purpose by the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed by its Chairman, to be countersigned by its Secretary, its seal to be affixed hereto and this bond to be dated November 4, 1985.

COUNTERSIGNED:

  
Secretary, James City  
Service Authority

(SEAL)   
Chairman, James City  
Service Authority

TRANSFER OF BOND

Transfer of this bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

CERTIFICATE OF PRINCIPAL ADVANCES<sup>2/</sup>

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized officer of the United States of America, Farmers Home Administration, when the proceeds of each such principal advance are delivered to the Authority.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 2.5. Registration and Exchange of 1985

Additional Bond: The Secretary of the Authority is hereby appointed Registrar. Transfer of the 1985 Additional Bond may be registered upon books maintained for that purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

Section 2.6. Delivery of 1985 Additional Bond: The Chairman and the Secretary are hereby authorized and directed to have the 1985 Additional Bond prepared and executed in accordance with its terms and to deliver it to the Government as the purchaser thereof upon payment therefor. The Chairman and the Secretary are further authorized and directed to agree to and comply with, on behalf of the Authority, any and all further conditions and requirements of the Government not inconsistent with this resolution in connection with its purchase of the 1985 Additional Bond.

Section 2.7. Disbursement of Proceeds of 1985

Additional Bond: Simultaneously with the delivery of the 1985 Additional Bond the proceeds from the sale thereof shall be deposited in a special bank account designated the James Terrace Water Construction Fund and shall be applied to the cost of the James Terrace Water Project. Payments shall be made from the James Terrace Water Construction Fund on checks signed by an

2/ Certificate of Principal Advances to be used if the Government requests provision for principal advances.



authorized representative of the Authority and countersigned by an authorized representative of the Government. The Authority shall preserve at its office accurate records available at all times which show that payments from the James Terrace Water Construction Fund were made solely to pay costs of the James Terrace Water Project. The moneys held in the James Terrace Water Construction Fund shall be trust funds and are hereby pledged to the payment of the principal of and interest on the 1985 Additional Bond, subject only to the right to make application to the payment of the cost of the James Terrace Water Project as provided herein. Any balance remaining in the James Terrace Water Construction Fund shall, at the option of the Authority, be used to prepay installments of principal and interest on the 1985 Additional Bond or the Prior Bonds or shall be transferred to the Reserve Fund.

### ARTICLE III

#### PREPAYMENT

Section 3.1. Prepayment of 1985 Additional Bond: Installments of principal due on the 1985 Additional Bond may be prepaid at the option of the Authority at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium, as provided in Section 3.9 of the Initial Resolution.

Section 3.2. Other Provisions Pertaining to Prepayment. Reference is hereby made to Article III of the Initial Resolution for the provisions describing the manner of effecting prepayment, the effect of call for prepayment and cancellation of bonds prepaid, which provisions shall apply, insofar as applicable, to the 1985 Additional Bond.

### ARTICLE IV

#### SUPPLEMENTAL RESOLUTION

Section 4.1. Supplement to Initial Resolution: This resolution is adopted and the 1985 Additional Bond is authorized herein pursuant to, within the limitations of and in compliance with the Initial Resolution, including Article IV thereof. All covenants and provisions of the Prior Resolutions shall apply with full force and effect to the 1985 Additional Bond and to the holder thereof, except as otherwise provided

herein. All terms defined in the Prior Resolutions shall have the same meaning herein unless the context clearly indicates otherwise. Certified copies of the Prior Resolutions are on file at the office of the Authority in Williamsburg, Virginia.

Section 4.2. Additional Transfers to Reserve Fund: In addition to the transfer of \$1,727 from the Revenue Fund to the Reserve Fund required by the Prior Resolutions, the Authority shall transfer an additional \$171, for a total of \$1,898, from the Revenue Fund to the Reserve Fund each month beginning one full month from the Closing Date. The \$207,024 which must be accumulated and maintained in the Reserve Fund pursuant to the Prior Resolutions is hereby increased by \$20,424 to \$227,448.

Section 4.3. Pledge of Revenues: All improvements, extensions, additions and replacements constituting the Project financed in part by the issuance of the 1985 Additional Bond shall be a part of the System as defined in the Initial Resolution, and all revenues therefrom are hereby pledged to the equal benefit of the holders of the Prior Bonds and the 1985 Additional Bond.

Section 4.4. Amendments to Section 7.8 of Initial Resolution: Section 7.8(a) of the Initial Resolution is hereby amended to read as follows:

(a) insurance covering all insurable above-ground structures, equipment, electrical and other machinery forming a part of the System against loss or damage by fire and lightning, with broad form extended coverage, in the amount of their insurable value;

Section 7.8(c) of the Initial Resolution is hereby amended to read as follows:

(c) public liability insurance relating to the ownership or operation of the System with a limit of not less than \$500,000 for one or more persons involved in an accident to protect the Authority from claims for bodily injury and for death, and not less than \$200,000 to protect the Authority from claims for damage to property of others;

## ARTICLE V

## BOND ANTICIPATION NOTES

Section 5.1. Authorization of Notes: In anticipation of the issuance and sale of the 1985 Additional Bond to the Government, the Chairman and the Secretary of the Authority are hereby authorized to borrow such amount not to exceed \$200,000 as may be required to pay costs of the James Terrace Water Project. Such borrowing shall be evidenced by one or more negotiable notes (the Notes) which shall be dated and executed by the Chairman and the Secretary of the Authority, shall bear interest at such rate or rates not to exceed \_\_\_\_\_ percent (\_\_\_%) per year and shall mature at such time or times and may be renewed from time to time, all as the Chairman and the Secretary may determine to be in the best interest of the Authority; provided, however, that the initial maturity shall not exceed \_\_\_\_\_ from their date of issuance and no renewal shall exceed \_\_\_ years from the date of original issue. Simultaneously with the issuance and delivery of the Notes the proceeds from the sale thereof shall be deposited in the James Terrace Water Construction Fund and applied to the cost of the James Terrace Water Project in the same manner set forth in Section 2.7 for the application of the 1985 Additional Bond proceeds. The Notes shall be paid from the proceeds of the 1985 Additional Bond, but shall not be deemed to create or constitute an indebtedness or a pledge of the faith and credit of the Commonwealth of Virginia, James City County, the Authority or any other political subdivision of the Commonwealth. The Authority covenants for the benefit of the holders from time to time of the Notes that it will take whatever action is necessary to comply with all requirements of the Government as a condition to the purchase of the 1985 Additional Bond. In the event that for any reason the 1985 Additional Bond is not sold, the holders of the Notes shall be entitled to all the security provided in this resolution for the holders of the 1985 Additional Bond.

## ARTICLE VI

## MISCELLANEOUS

Section 6.1. Contract with Bondholders: The provisions of this resolution and the Prior Resolutions shall constitute a contract between the Authority and the

bondholders for so long as the 1985 Additional Bond and interest thereon are outstanding.

Section 6.2. Authority of Officers and Agents: The officers and agents of the Authority shall do all acts and things required of them by this resolution, the Prior Resolutions, 1985 Additional Bond and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 6.3. Successors and Assigns: All the covenants, stipulations, promises and agreements of the Authority contained in this resolution and the Prior Resolutions shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 6.4. Immunity of Officers: No recourse shall be had for the payment of principal of or interest on the 1985 Additional Bond or for any claim based thereon, on this resolution, or the Prior Resolutions against any member or other officer of the Authority, James City County or the Commonwealth of Virginia.

Section 6.5. Notice: Any provision in this resolution or the Prior Resolutions for the giving, filing, mailing or delivery of notice or other papers shall be deemed fully complied with if and when such notice or other papers are sent by registered or certified mail, return receipt requested, to the Authority, addressed to James City Service Authority, 101 Mounts Bay Road, Williamsburg, Virginia 23185.

Section 6.6. Headings: Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 6.7. Conditions Precedent: Upon the issuance of the 1985 Additional Bond all acts, conditions, and things required by the Constitution and statutes of the Commonwealth of Virginia, the Prior Resolutions or this resolution to happen, exist and to be performed precedent to or in the issuance of the 1985 Additional Bond shall have happened, exist and have been performed.

Section 6.8. Severability: The provisions of this resolution are hereby declared to be severable. If any court of competent jurisdiction shall hold any

provision of this resolution to be invalid and unenforceable, such holding shall not affect any other provision hereof.

Section 6.9. Effective Date: This resolution shall take effect immediately. The Secretary of the Authority is hereby authorized and directed to file a certified copy of this resolution in the office of the Authority and in the district office of the United States of America, Farmers Home Administration, Tappahannock, Virginia, as owner of the Prior Bonds.

Section 6.10. Non-Arbitrage Certificate: The Chairman and the Secretary and such other officers as may be requested, are hereby authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the 1985 Additional Bond in order to show that such expected use and investment will not violate the provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended, and regulations issued pursuant thereto applicable to "arbitrage bonds." Such certificate shall be in such form as may be required by bond counsel for the Authority.

Section 6.11. Series Designation: In the event the 1985 Additional Bond is not issued during calendar year 1985, the Chairman and Secretary of the Authority are hereby authorized and directed to change the series designation to such other year as may be appropriate at the time of its issuance.

**D. BOARD REQUESTS AND DIRECTIVES**

Mr. Mahone inquired if Mr. Oliver responded to the letter dated August 24, 1985 asking about water service from the Holly Brook line.

Mr. Oliver stated he had answered the letter and that a favorable response had been received from the individual.

Mr. Mahone suggested extending service authority lines from Jamestown Road to Neck-O-Land Road. Mr. Mahone further stated that if residents need to contribute to the extension, a letter should be sent indicating that information.


Mr. John McDonald responded that funds have been set aside for this project for July 1986.

Mr. Brown stated that he thought the public would find information on the status of the Ware Creek Reservoir issue interesting.

Mr. Edwards made a motion to adjourn.

The motion passed by a unanimous voice vote.

The Service Authority adjourned at 7:20 p.m.

  
James B. Oliver, Jr.  
Secretary to the Board