

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 8TH DAY OF APRIL, 2003, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Michael J. Brown, Chairman
John J. McGlennon, Vice Chairman
Jay T. Harrison, Sr.
James G. Kennedy
Bruce C. Goodson

Sanford B. Wanner, Secretary
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. PUBLIC HEARING

1. FY 2004 JCSA Budget

Ms. Suzanne Mellen, Director of Budget and Accounting, provided the Board with an overview of the proposed FY 2004 JCSA Budget and proposed water/sewer rate increases, and recommended the Board hold a Public Hearing to invite public comment on any aspect of the Budget.

Mr. Brown opened the Public Hearing.

As no one wished to speak to this matter, Mr. Brown closed the Public Hearing.

At 8:25 p.m., Mr. Brown recessed the Board for the duration of the Board of Supervisors meeting.

Mr. Brown reconvened the Board at 9:28 p.m.

C. CONSENT CALENDAR

Mr. Harrison made a motion to adopt the items on the Consent Calendar.

The motion passed by a unanimous voice vote.

1. Minutes – March 25, 2003, Regular Meeting

2. Support for the King William Reservoir Project

RESOLUTION**SUPPORT FOR THE KING WILLIAM RESERVOIR PROJECT**

WHEREAS, the City of Newport News has submitted an application to the Virginia Marine Resource Commission for a permit to withdraw water from the Mattaponi River to provide water to the King William Reservoir; and

WHEREAS, the King William Reservoir has been identified, after the evaluation of over 35 alternative projects, as the most feasible option for meeting the long-term water needs of the citizens and businesses located on the Virginia Peninsula; and

WHEREAS, the Virginia Marine Resource Commission will conduct a public hearing on the application for a permit to withdraw water from the Mattaponi on April 22, 2003.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, expresses its support of the King William Reservoir Project and encourages the Virginia Marine Resources Commission to issue the permit to withdraw water from the Mattaponi River to support the King William Reservoir Project.

3. **Amended Articles of Incorporation for the James City Service Authority**

RESOLUTION**AMENDED ARTICLES OF INCORPORATION FOR****JAMES CITY SERVICE AUTHORITY**

WHEREAS, by resolution of March 25, 2003, the Board of Supervisors of James City County, Virginia, made certain amendments to the Articles of Incorporation of the James City Service Authority (JCSA); and

WHEREAS, it would be appropriate for the Board of Directors of the JCSA to ratify and confirm all prior actions of the JCSA Board of Directors

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that it hereby ratifies and confirms all prior actions of the JCSA Board of Directors

D. BOARD CONSIDERATION

1. **Bond Resolution – Groundwater Treatment Facility**

Mr. Foster stated that representatives of Davenport and Company advised the Board of the options for financing the Groundwater Treatment Facility including the placement of bonds. Proposals for the private placement of bonds to finance the Groundwater Treatment Facility were received from several interested investment institutions and it was determined that a public placement would result in a lower interest rate.

Mr. Foster recommended the Board approve the resolution authorizing the issuance of bonds to finance the Groundwater Treatment Facility at a rate not to exceed six percent and also authorizing the Chairman or Vice Chairman to sign all documents associated with the issuance of the bonds.

Mr. Goodson made a motion to adopt the resolution.

The motion passed by a unanimous voice vote.

RESOLUTION

AUTHORIZING THE ISSUANCE BY THE JAMES CITY SERVICE AUTHORITY

OF ITS WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2003

AND OTHER MATTERS IN CONNECTION THEREWITH

- WHEREAS, the James City Service Authority (the "Authority") has determined that it will establish a program pursuant to which it may finance improvements and extensions to its water and wastewater systems (collectively, the "System") by the issuance of bonds payable solely from the revenues of such System; and
- WHEREAS, such bonds will be issued pursuant to the terms of a Master Indenture of Trust, dated as of April 1, 2003 (the "Master Indenture"), between the James City Service Authority (the "Authority") and SunTrust Bank, as Trustee (the "Trustee"); and
- WHEREAS, the Authority at the present time desires to issue its water and sewer system revenue bonds in an amount not to exceed \$18 million (the "2003 Bonds") and use the proceeds of the 2003 Bonds to: (i) finance a groundwater treatment facility, wells, and water transmission lines (collectively, the "Projects"); and (ii) pay related issuance costs and fund reserves;
- WHEREAS, the 2003 Bonds will be issued pursuant to the terms of the Master Indenture and a First Supplemental Indenture of Trust, dated as of April 1, 2003 (the "First Supplemental Indenture"), between the Authority and the Trustee (the Master Indenture and the First Supplemental Indenture being collectively referred to herein as the "Indenture"), and the 2003 Bonds will be sold to Morgan Keegan & Company, Inc., and SunTrust Capital Markets, Inc. (collectively, the "Underwriters"), pursuant to a Bond Purchase Agreement to be dated on or before the date the 2003 Bonds are to be issued (the "Bond Purchase Agreement"), between the Authority and the Underwriters; and
- WHEREAS, in connection with the issuance of the 2003 Bonds, the forms of all of the following documents have been presented to this meeting and filed with the Authority's records: (i) the Master Indenture; (ii) the First Supplemental Indenture; (iii) the 2003 Bonds, the form of which is attached to the First Supplemental Indenture; (iv) the Bond Purchase Agreement; (v) the Continuing Disclosure Agreement to be dated on or before the date the 2003 Bonds are to be issued (the "Continuing Disclosure Agreement") from the Authority; and (vi) the Preliminary Official Statement (the "Preliminary Official Statement") pursuant to which the 2003 Bonds are to be offered for sale.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, that:

1. The Authority hereby approves the issuance of the 2003 Bonds upon the terms set forth therein and in the Indenture. As of the date of this resolution, (A) the final principal amount of the 2003 Bonds, including the principal amount of each maturity and of each mandatory sinking fund redemption payment, has not been determined; (B) the Underwriters have not proposed the final interest rates to be payable on the 2003 Bonds; (C) the Underwriters and the Authority have not agreed upon the final price at which the Authority will sell the 2003 Bonds to the Underwriters; and (D) the optional redemption provisions have not been established. The Chairman and Vice Chairman of the Authority, either of whom may act, are each hereby authorized to approve; (i) the final principal amount of the 2003 Bonds, including the final principal amount of each maturity and of each mandatory sinking fund redemption payment, so long as the aggregate principal amount of the 2003 Bonds does not exceed \$18 million and the weighted average maturity of the 2003 Bonds does not exceed twenty-five (25) years; (ii) the actual interest rates to be payable on the 2003 Bonds, so long as the true interest cost of the 2003 Bonds does not exceed six percent (6%) per year; (iii) the final sales price of the 2003 Bonds to the Underwriters (exclusive of original issue discount or premium), so long as the final sales price shall not be less than ninety-eight percent (98%) of the aggregate principal amount of the 2003 Bonds, plus accrued interest to the date of issuance; and (iv) the optional redemption provisions, so long as optional redemptions of the 2003 Bonds will be permitted after ten and one half years (or such shorter period as is determined to be advisable in the pricing of the 2003 Bonds) and at a declining redemption premium (if any) thereafter not in excess of two percent (2%). Such approvals shall be conclusively evidenced by the execution and delivery of the First Supplemental Indenture by the Chairman or Vice Chairman.
2. The Indenture, the Bond Purchase Agreement and the Continuing Disclosure Agreement (collectively, the "Bond Documents") and the 2003 Bonds are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions or omissions (including, without limitation, changes of the dates thereof and changes necessary to reflect the final terms of the 2003 Bonds, as described in Paragraph 1 above), as may be approved by the Chairman or the Vice Chairman of the Authority, whose approval shall be evidenced conclusively by the execution and delivery of each such document. The execution, delivery, and performance by the Authority of the Bond Documents are authorized and directed.
3. The execution of the 2003 Bonds and their delivery against payment, therefor, the amount of such payment to be disbursed in accordance with the terms of the First Supplemental Indenture, are authorized and directed.
4. The Chairman and the Vice Chairman of the Authority, either of whom may act, are each authorized and directed to execute and deliver on behalf of the Authority the 2003 Bonds and the Bond Documents and, if required, the Secretary is authorized and directed to countersign and affix the Authority's seal to the 2003 Bonds and the Bond Documents on behalf of the Authority. The signatures of the Chairman or Vice Chairman and the Secretary on the 2003 Bonds may be by facsimile.

5. The Chairman, Vice Chairman, General Manager, and any other officials of the Authority as may be requested are authorized and directed to execute and deliver on behalf of the Authority such instruments, documents, or certificates, including without limitation Internal Revenue Service Form 8038-G, a Letter of Representations to The Depository Trust Company, a non-arbitrage certificate and documents related to any bond insurance, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the 2003 Bonds, the Bond Documents or such instruments, documents or certificates. All of the foregoing previously done or performed by such officials of the Authority are in all respects confirmed, ratified, and approved.
6. The Authority determines that the issuance of the 2003 Bonds is in accordance with the terms of the Indenture, and all actions of the Authority contemplated thereunder will be in the furtherance of the purposes of the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act").
7. The Preliminary Official Statement is hereby approved in substantially the form submitted to this meeting, with such changes, insertions, or omissions as may be approved by officials of the Authority. The Chairman and the Vice Chairman of the Authority, either of whom may act, are each hereby authorized to deem the Preliminary Official Statement to be final, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12. The use and distribution of the Preliminary Official Statement by the Underwriters in the issuance and sale of the 2003 Bonds are hereby authorized.

The officials and staff of the Authority are hereby authorized and directed to assist with the preparation of a final Official Statement, appropriately dated, in the form of the Preliminary Official Statement, with appropriate completions, insertions, omissions, and changes as shall be necessary to accurately describe the Authority the 2003 Bonds, the security therefor, the Bond Documents and the Projects. The Chairman and the Vice Chairman of the Authority, either of whom may act, are each authorized and directed to execute and deliver the final Official Statement on behalf of the Authority. The use and distribution by the Underwriters of such final Official Statement are hereby approved.

8. The Authority hereby approves the commitment of Financial Security Assurance, Inc. (the "Commitment"), to provide its municipal bond insurance policy to secure the 2003 Bonds. The execution and delivery of the Commitment by the Chairman, Vice Chairman, and General Manager, any of whom may act, are hereby authorized. Any amendments to the Bond Documents and 2003 Bonds that are required by the Commitment are also hereby authorized.
9. SunTrust Bank is hereby selected to act as trustee under the Master Indenture and the First Supplemental Indenture.
10. The Authority has previously adopted a Reimbursement Resolution in connection with the financing of the Projects. The Authority hereby amends the maximum principal amount of the Indebtedness as defined and set forth in such Reimbursement Resolution from \$9.5 million to \$18 million. The Reimbursement Resolution, except as modified by the preceding sentence, remains in full force and effect, and is ratified and confirmed hereby.

11. All other actions hereafter taken by the officials or agents of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2003 Bonds and the undertaking of the Projects are hereby confirmed, ratified, and approved.
12. This resolution shall take effect immediately upon its adoption.

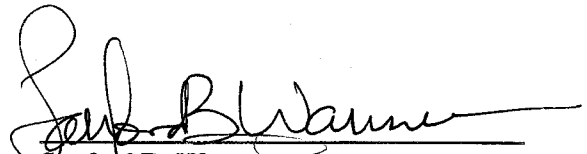
E. BOARD REQUESTS AND DIRECTIVES

Mr. Kennedy thanked Mr. Foster for the call-in program regarding the Outdoor Watering Regulations.

Mr. Foster recommended that the Board recess until 7 p.m. on April 10, 2003, for a Budget Work Session.

F. RECESS

At 9:32 p.m. Mr. Brown recessed the Board until 7 p.m. on April 10, 2003.


Sanford B. Wanner
Secretary to the Board