

A G E N D A

JAMES CITY COUNTY BOARD OF SUPERVISORS

READING FILE

November 14, 2006

FOR YOUR INFORMATION

1. Memorandum of Agreement – Regional Water Supply Plan Memo to HR CAOs, in reference to Agenda Item Number E-3, Memorandum of Agreement – Regional Water Supply Plan
2. Preliminary Official Statement in reference to Agenda Item Number G-3, Resolution Authorizing Lease Revenue Financing for School Construction
3. Blackline Lease Preliminary Official Statement in reference to Agenda Item Number G-3, Resolution Authorizing Lease Revenue Financing for School Construction
4. Notice of Bond Sale, in reference to Agenda Item Number G-3, Resolution Authorizing Lease Revenue Financing for School Construction
5. Senator Norment School Bus Request for Jamestown 2007
6. Holiday Advertising Campaign Contribution - \$15,000

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ARTHUR L. COLLINS, EXECUTIVE DIRECTOR/SECRETARY

LF

11/14/06
D. Zeidler

Reading F. 6
11/14/06

October 18, 2006

RECEIVED

OCT 23 2006

Memorandum #2006-175

TO: Hampton Roads Chief Administrative Officers
Town Mayors

BY: Arthur L. Collins, Executive Director/Secretary

RE: Memorandum of Agreement - Regional Water Supply Plan

Board of Supervisors

ART

At its Annual Meeting of October 18, 2006, the Hampton Roads Planning District Commission considered a proposed Memorandum of Agreement for the Regional Water Supply Planning Process between the HRPDC and the sixteen member local governments. Enclosed for your consideration is one (1) copy of the proposed Memorandum of Agreement. The Regional Directors of Utilities Committee recommended the enclosed Agreement and the HRPDC accepted it at the October 18th meeting. The HRPDC requests that each locality endorse the Agreement by November 6, 2006.

The State Water Control Board has promulgated implementing regulations, 9 VAC 25-780, which establish the planning process and criteria that all local governments will use in the development of local or regional water plans. The Memorandum of Agreement provides a process for the participating local governments to develop a regional water supply plan to meet these requirements. The HRPDC staff and the Regional Directors of Utilities Committee developed the Memorandum of Agreement. The Agreement identifies the responsibilities of the HRPDC and the participating localities, provides the rationale for the program and establishes a mechanism for funding the program.

The HRPDC staff is available to address any questions you may have or to assist in briefing your governing body if you feel it appropriate.

If you have any questions or need further information, please do not hesitate to call John Carlock or me.

WSK/mkf

Enclosure

Copy: Utility Directors (w/Encl.)

Chief Administrative Officers

Charles W. Burgess, Jr., PQ
W. Douglas Caskey, IW
Kurt Falkenstein, WINDSOR
Tyrone W. Franklin, SY
Randy W. Hildebrandt, NN
Michael W. Johnson, SH
James O. McReynolds, YK
Anne F. Odell, CH
James B. Oliver, Jr., PO

James K. Spore, VB
Peter M. Stephenson, SM
Rowland L. Taylor, FR
Jackson C. Tuttle II, WM
James G. Vacalis, SU
Jesse T. Wallace, Jr., HA
Sanford B. Wanner, JC
William H. Whitley, GL
Regina V.K. Williams, NO

Town Mayors

Lewis H. Davis, Sr., Courtland
R. Spier Edwards, Jr., Boykins
Arthur B. Harris, Branchville

H. Massey Joyner, Ivor
Nick Kitchen, Capron
Harvey J. Porter, Jr., Newsoms

Utilities Directors

Jeffrey J. Bliemel, PQ
Dan G. Clayton III, WM
Lawrence A. Dame, GL
Director, IW
Larry M. Foster, JC
H. Reed Fowler II, NN
Edward G. Henifin, HA
John Hudgins, YK
Julien Johnson, SH
Thomas M. Leahy III, VB
Kristen M. Lentz, NO
Rhonda Mack, SY

Troy McPherson, HRSD
Albert Moor II, SU
Russell Pace, FR
Brian Ramaley, NN
Wayne Rountree, IW
Ross Schlobohm, HRSD
James R. Spacek, PO
Bob Speechly, PQ
Peter M. Stephenson, SM
James K. Walski, CH
Stephen Watson, FR
Brian K. Woodward, YK

**MEMORANDUM OF AGREEMENT
GUIDING THE
HAMPTON ROADS REGIONAL WATER SUPPLY PLANNING PROCESS**

WHEREAS, Section 15.2-4200 of the Code of Virginia enables local governments to establish Planning District Commissions; and

WHEREAS, the sixteen cities and counties that are signatories to this Agreement have acted, in accordance with Section 15.2-4200 of the Code of Virginia, to establish the Hampton Roads Planning District Commission; and

WHEREAS, the Hampton Roads Planning District Commission has been requested and has undertaken various studies to support local government water supply programs; and

WHEREAS, the eight towns that are signatories to this Agreement participate directly or indirectly in the regional water supply planning program; and

WHEREAS, the signatory local governments have requested the HRPDC to administer and coordinate the development of a regional water supply plan on their behalf; and

WHEREAS, pursuant to the State Water Control Law Section 62.1-44.15 and 62.1-44.38:1 of the Code of Virginia, the State Water Control Board has promulgated implementing regulations, 9 VAC 25-780, which establishes the planning process and criteria that all local governments will use in the development of local or regional water plans; and

WHEREAS, the twenty-four signatory local governments are required by 9 VAC 25-780 to submit a local water supply plan or participate in a regional planning unit in the submittal of a regional water supply plan to the Department of Environmental Quality; and

NOW THEREFORE, the signatory parties enter into the following Agreement.

This Memorandum of Agreement, entered into this ____ day of ____ 2006, among and between the sixteen cities and counties and the eight towns in Hampton Roads and the HRPDC, establishes the Hampton Roads Regional Water Supply Planning Process.

BASIC PREMISES

1. All local governments in Hampton Roads must submit to DEQ a local water supply plan or participate in the submittal of a regional water supply plan.
2. The local governments in Hampton Roads recognize the benefits, in terms of cost, coordination and regulatory compliance, of proceeding with a Regional Water Supply Planning Process.
3. The local governments have developed a consensus of regional goals to guide the water supply planning program. The HRPDC Directors of Utilities Committee endorsed the following goals on January 4, 2006:
 - a. Develop a regional water supply plan for the Hampton Roads Region that ensures the long-term availability of a high quality, safe water supply for the citizens of Hampton Roads.
 - b. Develop a regional water supply plan that enables the localities of the Hampton Roads Region to meet the local and regional water supply planning requirements of the Commonwealth of Virginia, 9 VAC 25-780.
4. The HRPDC Directors of Utilities Committee will guide and direct this planning process. The Committee will evaluate and approve data collection criteria, methodologies for data analysis, and assessments and alternatives identified in the Regional Water Supply Plan, as necessary to meet all requirements of 9 VAC 25-780.
5. This Agreement applies to all local governments within the Hampton Roads Planning District. All participating local governments will be participants in and signatories to the Agreement.
6. This Agreement establishes the administrative framework, which will be used by the local governments in Hampton Roads to complete a Regional Water Supply Plan and meet the requirements of the Water Supply Planning Regulation, 9 VAC 25-780.
7. A final draft Regional Water Supply Plan for Hampton Roads will be completed by August 2008 and submitted to all signatory localities for review and approval.
8. The data required by the Water Supply Planning Regulation, which has not previously been collected by most or all of the signatories will be collected and compiled on a cooperative regional basis. This will include environmental characteristics, agricultural use and self-supplied use,

including development of estimates of water use by residences and businesses that are self-supplied by individual wells withdrawing less than 300,000 gallons per month.

9. Existing local studies addressing existing water needs, future requirements and potential water sources will be used to develop the regional plan. The regional process will not include new studies that address this type of data.
10. Appropriate areas to be addressed through sub-regional plans will be determined by the HRPDC, in cooperation with the Directors of Utilities Committee, during the course of the water supply planning process.

HRPDC RESPONSIBILITIES

Under the terms of this Agreement, the HRPDC is responsible for the following:

1. Provide the necessary administrative, technical and clerical resources to support all program activities directed by the Directors of Utilities Committee.
2. Facilitate consensus process to development of the Regional Water Supply Plan and associated technical studies.
3. Collect data, conduct analyses and prepare documentation necessary for the participating Hampton Roads localities to comply with the requirements of 9 VAC 25-780.
4. Prepare, in cooperation with the Directors of Utilities Committee an Annual Work Program and Budget for the Water Supply Planning Process.
5. Serve as liaison between the participating localities and the Department of Environmental Quality.
6. Develop educational materials and conduct regional educational activities for elected officials, municipal employees, civic leaders, and so forth. The program will address the new water supply planning requirements and their implications on water users, elected officials, and the general public.
7. Contract with and manage consultants to support the development of the Regional Water Supply Plan as determined appropriate by the Directors of Utilities Committee.
8. Manage and/or participate in Public Hearings supporting the water supply planning process.

9. Assist the signatories in coordinating water supply planning activities to ensure that the plan requirements are met in a cost-effective manner.
10. Provide other technical support, as requested, to the signatory local governments.

LOCAL GOVERNMENT RESPONSIBILITIES

1. Maintain active participation in the Directors of Utilities Committee.
2. Provide timely technical review of the HRPDC's analysis and conclusions.
3. Work with HRPDC to develop educational materials and conduct regional educational activities for elected officials, municipal employees, civic leaders, and so forth.
4. Identify self-supplied and/or private water users within their respective locality and assist in collecting water use data and projected water needs.
5. Provide existing technical studies and permits to support the regional water supply plan.
6. Coordinate any efforts to align a locality's Comprehensive Plan to the Regional Water Supply Plan. Locality representatives are responsible for determining if local Comprehensive Plans and the Regional Water Supply Plan are consistent with each other. Revisions to the localities' Comprehensive Plans are outside the scope of this project.
7. Provide agreed upon funding to support the Regional Water Supply Planning Process.
8. Support HRPDC efforts to obtain additional funding to support the Regional Water Supply Planning Process.

ROLE OF THE HRPDC DIRECTORS OF UTILITIES COMMITTEE

1. The Directors of Utilities Committee will consist of one voting representative of each signatory, appointed by the Chief Administrative Officer of the signatory local government. One or more alternates may be formally designated by the Chief Administrative Officer or the members of the Directors of Utilities Committee.
2. The term of membership on the Directors of Utilities Committee will be coterminous with the term of service as Director of Utilities or at the pleasure of the Chief Administrative Officer.

3. Generally, the Directors of Utilities Committee will operate on a consensus basis. For purposes of this document, consensus is defined as being able to “live with” the resulting Regional Water Supply Plan, although each party may not agree with all elements of the Plan. All consideration of and recommendations concerning the Annual Work Program and Budget will require a majority vote of the Directors of Utilities Committee membership. Each signatory is entitled to one (1) vote.
4. The Committee will evaluate and approve data collection criteria, methodologies for data analysis and assessments, and alternatives identified in the Regional Water Supply Plan.
5. Various subcommittees may be established by the Directors of Utilities Committee to facilitate operation of the Hampton Roads Regional Water Supply Planning Process.

METHOD OF FINANCING

Beginning with Fiscal Year 2007 (July 1, 2006-June 30, 2007), program costs will be allocated on a pro-rata basis among the local governments. For purposes of the Regional Water Supply Planning Program, pro-rata shares will be determined based on the locality's proportionate share of total regional water connections.

Individual local governments may request specific services from the HRPDC, which are in excess of the program elements common to all participants. The cost of such services will be borne by the requesting locality or localities.

To conform to local government charter and Virginia Code requirements, funding obligations under this Agreement will be subject to annual appropriations from the participating localities.

When appropriate, financial support from other entities, such as state and federal agencies and nonprofit organizations, will be sought and obtained to support the activities of the Hampton Roads Regional Water Supply Planning Process. Any such financial support will be used to defray costs to the localities.

A locality, as provided for in paragraph 3 of OTHER CONDITIONS, may terminate its participation in this Agreement. Once the project budget is approved for a particular Fiscal Year, any locality terminating its participation will remain liable for its share of the approved project budget for that Fiscal Year.

AVAILABILITY OF FUNDS

Performance by the HRPDC of its responsibilities under this Agreement is subject to the availability of funding from the signatory local governments, as supplemented by appropriate external funding sources. Failure of the local

governments to provide the necessary funding to support these activities will constitute a Notice to Modify or Terminate the Agreement.

MODIFICATIONS

Modifications to this Memorandum of Agreement must be submitted in writing, recommended for approval by the Directors of Utilities Committee, approved by the Hampton Roads Planning District Commission, and accepted by all signatories.

DURATION AND TERMINATION

This Agreement will have a term of approximately six (6) years, extending from the date of full execution by the signatories on this ____ day of ____ 2006 through December 31, 2011.

The term of this Agreement may be extended by the participants following review and evaluation of the effectiveness of the regional water supply planning process. This evaluation will include consideration of the requirements in 9 VAC 25-780 that the Regional Water Supply Plan be reviewed at least once every five (5) years and that the Regional Water Supply Plan be revised at least once every ten (10) years.

This Agreement may be terminated, based on a majority vote of the participating localities. An individual locality, participating in this Agreement may terminate its participation in accordance with paragraph 3 of OTHER CONDITIONS.

OWNERSHIP OF PROPERTY

It is not the intent of the signatories that the Memorandum of Agreement will result in the purchase, ownership, leasing, holding or conveying of any real property.

LIMITATION OF LIABILITY

It is the intent of the signatories that no signatory will be held liable for any damages or associated penalties caused by or associated with the failure of any other signatories to discharge its duties or to exercise due diligence in discharging its duties under this Agreement, and that no signatory, by entering this Agreement, waives any defenses or immunities available to it at law, including, but not limited to, those set forth in Section 15.2-970 of the Code of Virginia.

By entering into this Memorandum of Agreement, no signatory locality agrees to assume or otherwise become responsible for any other locality's compliance with or liabilities associated with obligations and requirements mandated under the

State Water Control Law (Section 62.1-44.15 and 62.1-44.38:1), the Water Supply Planning Regulations (9 VAC 25-780), or any other applicable law, regulation, administrative order, contract or agreement.

OTHER CONDITIONS

Notwithstanding any other provision of this Memorandum of Agreement:

1. Nothing in this Memorandum of Agreement shall prevent any signatory locality from developing its own local water supply plan at its own expense for submission to the Department of Environmental Quality to ensure that locality's compliance with the Water Supply Planning Regulations in case the development of the Regional Water Supply Plan is delayed or, in that locality's sole judgment, would not meet the water supply planning needs and objectives of that locality or otherwise would not serve the interests of its residents.
2. Nothing in this Memorandum of Agreement shall prevent any signatory locality from withdrawing from this Memorandum of Agreement after that locality provides ten (10) days' advanced written notice thereof to the Directors of Utilities Committee of its intent to do so, and where such withdrawal is based on the sole judgment of that locality that the development of the Regional Water Supply Plan or the proposed Regional Water Supply Plan would not meet the water supply planning needs and objectives of that locality or otherwise would not serve the interests of its residents.
3. The Regional Water Supply Plan (whether it be in draft, proposed, or final form) will not be submitted to the Department of Environmental Quality unless and until each and every locality within the Hampton Roads Planning District, which is a signatory to this Memorandum of Agreement and participating in this regional plan has provided to HRPDC its respective written approval and endorsement of such Regional Water Supply Plan and authorization to submit it to the Department of Environmental Quality as a regional water supply plan that includes that locality. If one or more localities, participating in this regional plan determine that they cannot approve and endorse the Regional Water Supply Plan, the Plan will not be submitted as a Regional Water Supply Plan by the HRPDC. Nothing in this Memorandum of Agreement will preclude one or more of the remaining signatories from submitting those elements of the Regional Water Supply Plan specific to their locality or localities as a Regional Water Supply Plan.

LIST OF SIGNATORIES

CITY OF CHESAPEAKE
CITY OF FRANKLIN
CITY OF HAMPTON
CITY OF NEWPORT NEWS
CITY OF NORFOLK
CITY OF POQUOSON
CITY OF PORTSMOUTH
CITY OF SUFFOLK
CITY OF VIRGINIA BEACH
CITY OF WILLIAMSBURG

GLOUCESTER COUNTY
ISLE OF WIGHT COUNTY
JAMES CITY COUNTY
SOUTHAMPTON COUNTY
SURRY COUNTY
YORK COUNTY

TOWN OF BOYKINS
TOWN OF BRANCHVILLE
TOWN OF CAPRON
TOWN OF COURTLAND
TOWN OF IVOR
TOWN OF NEWSOMS
TOWN OF SMITHFIELD
TOWN OF WINDSOR

HAMPTON ROADS PLANNING DISTRICT COMMISSION

This listing of participants will be followed by individual signature pages.

IN WITNESS THEREOF, the Chief Administrative Officer of the local government and the Executive Director of the Hampton Roads Planning District Commission hereby execute this Agreement.

JAMES CITY COUNTY

By: _____

Date: _____

Date: _____

Attest: _____

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2006

NEW ISSUE
Book-Entry Only

Ratings: Moody's: _____
S&P: _____
Fitch: _____

(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Bond Counsel, under existing law and subject to conditions described in the section herein "TAX EXEMPTION," interest on the 2006 Bonds (a) will be excludable from gross income for federal income tax purposes, (b) will not be an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations and (c) will be exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof. Such interest may be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and a holder may be subject to other federal tax consequences as described in the section herein "TAX EXEMPTION."

\$106,000,000*

Economic Development Authority of James City County, Virginia
Lease Revenue Bonds (Public Facility Projects)
Series 2006

Dated: December __, 2006*
Interest Payable: December 15 and June 15

Due: June 15, as shown on inside cover
First Interest Payment: June 15, 2007

This Official Statement has been prepared by the Economic Development Authority of James City County, Virginia (the "Authority") to provide information on the 2006 Bonds, the security therefor, James City County, Virginia (the "County"), the Williamsburg-James City County School Board (the "School Board"), the purposes for which the 2006 Bonds are being issued and other relevant information. Selected information is presented on this cover page and on the inside cover page for the convenience of the user. To make an informed decision regarding the 2006 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The 2006 Bonds will be limited obligations of the Authority payable primarily from certain rental payments to be made by the School Board pursuant to the Lease, as defined herein. The obligation of the School Board to make rental payments under the Lease will be subject to annual appropriation by the School Board and the County's Board of Supervisors (the "Board"), and the School Board and the Board will not be under any legal obligation to make such appropriations. The 2006 Bonds and the interest on them shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the County. The 2006 Bonds will be secured by a Leasehold Deed of Trust, as defined herein, on the Matoaka Project, as defined herein, and, at a future date, on the second new elementary school and on the new middle school. See the section herein "SECURITY FOR THE 2006 BONDS." [see p. 5]
Redemption	See the inside cover page and the section herein "THE 2006 BONDS – Redemption." [see p. 3]
Issued Pursuant to	An Indenture of Trust dated as of December 1, 2006 (the "Indenture") between the Authority and U.S. Bank National Association, as trustee (the "Trustee").
Purpose	The proceeds of the 2006 Bonds will be used to finance a portion of the cost of the (i) construction and equipping of a new elementary school called Matoaka Elementary School (the "Matoaka Project") and a second new unnamed elementary school, as well as one new unnamed middle school and (ii) renovation of the Stonehouse Elementary School (together, the "Project"). See the sections herein "INTRODUCTION" and "SOURCES AND USES OF FUNDS." [see pp. 1 and 11]
Interest Rates/Yields	See the inside cover page.
Interest Payment Dates	December 15 and June 15, beginning June 15, 2007.
Denomination	\$5,000 and integral multiples thereof.
Closing/Delivery Date	On or about December __, 2006.*
Registration	The 2006 Bonds will be issued as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the 2006 Bonds. So long as Cede & Co. is registered owner of the 2006 Bonds, as the nominee for DTC (a) references herein to the Bondholder or registered owner shall mean Cede & Co. and (b) principal, premium and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal, premium and interest to the DTC participants for subsequent disbursements to the beneficial owners of the 2006 Bonds. Individual purchases of beneficial ownership interests in the 2006 Bonds will be made in book-entry form only. (See "THE 2006 BONDS -- Book-Entry Only System"). [see p. 4]
County Attorney	Leo P. Rogers, Esquire
Bond Counsel	Troutman Sanders LLP

Dated: December __, 2006*

* Preliminary, subject to change

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

\$106,000,000*

Lease Revenue Bonds (Public Facility Projects), Series 2006

Dated: December __, 2006*

Due: June 15, as shown below

**MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS
AND CUSIP NUMBERS**

<u>Maturity*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2007	\$	%	%	47029XA
2008				47029XA
2009				47029XA
2010				47029XA
2011				47029XA
2012				47029XA
2013				47029XA
2014				47029XA
2015				47029XA
2016				47029XA
2017				47029XA
2018				47029XA
2019				47029XA
2020				47029XA
2021				47029XA
2022				47029XA
2023				47029XA
2024				47029XA
2025				47029XA
2026				47029XA

Optional Redemption

The 2006 Bonds maturing on or after June 15, 2017, will be subject to redemption prior to maturity on and after June 15, 2016, in whole or in part at any time, at the redemption prices stated herein. See the section herein **“THE 2006 BONDS -- Redemption.”**

**Extraordinary Optional Redemption
Upon the Occurrence of Certain
Events**

The 2006 Bonds are subject to redemption in whole or in part at any time at the option of the Authority at the direction of the School Board (acting at the direction of the County), upon the occurrence of certain extraordinary events, such as damage to or condemnation of a portion of the Project, at the redemption prices stated herein. See the section herein **“THE 2006 BONDS -- Redemption.”**

* Preliminary, subject to change

COUNTY OF JAMES CITY, VIRGINIA

101-C Mounts Bay Road (23185)
Post Office Box 8784
Williamsburg, Virginia 23187-8784
(757) 253-6604

BOARD OF SUPERVISORS

Bruce C. Goodson, Chairman
John J. McGlennon, Vice Chairman
Jay T. Harrison, Sr.
M. Anderson Bradshaw
James C. Icenhour, Jr.

CERTAIN APPOINTED OFFICIALS

Sanford B. Wanner, County Administrator
William C. Porter, Jr., Assistant County Administrator
Leo P. Rogers, County Attorney
Keith A. Taylor, Director of Economic Development
John E. McDonald, Manager of Financial and
Management Services

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

Virginia B. Hartmann, Chairman
Mark G. Rinaldi, Vice Chairman
Vincent A. Campana, Jr.
Brien R. Craft
Marshall N. Warner
Thomas G. Tingle

FINANCIAL ADVISOR

Davenport & Company LLC
One James Center
901 East Cary Street, 14th Floor
Richmond, Virginia 23219

INDEPENDENT AUDITOR FOR FISCAL YEAR ENDED JUNE 30, 2005

KPMG LLP
Certified Public Accountants
2100 Dominion Tower
Waterside Drive
Norfolk, VA 23510

BOND COUNSEL

Troutman Sanders LLP
Riverside on the James
1001 Haxall Point
Richmond, Virginia 23219

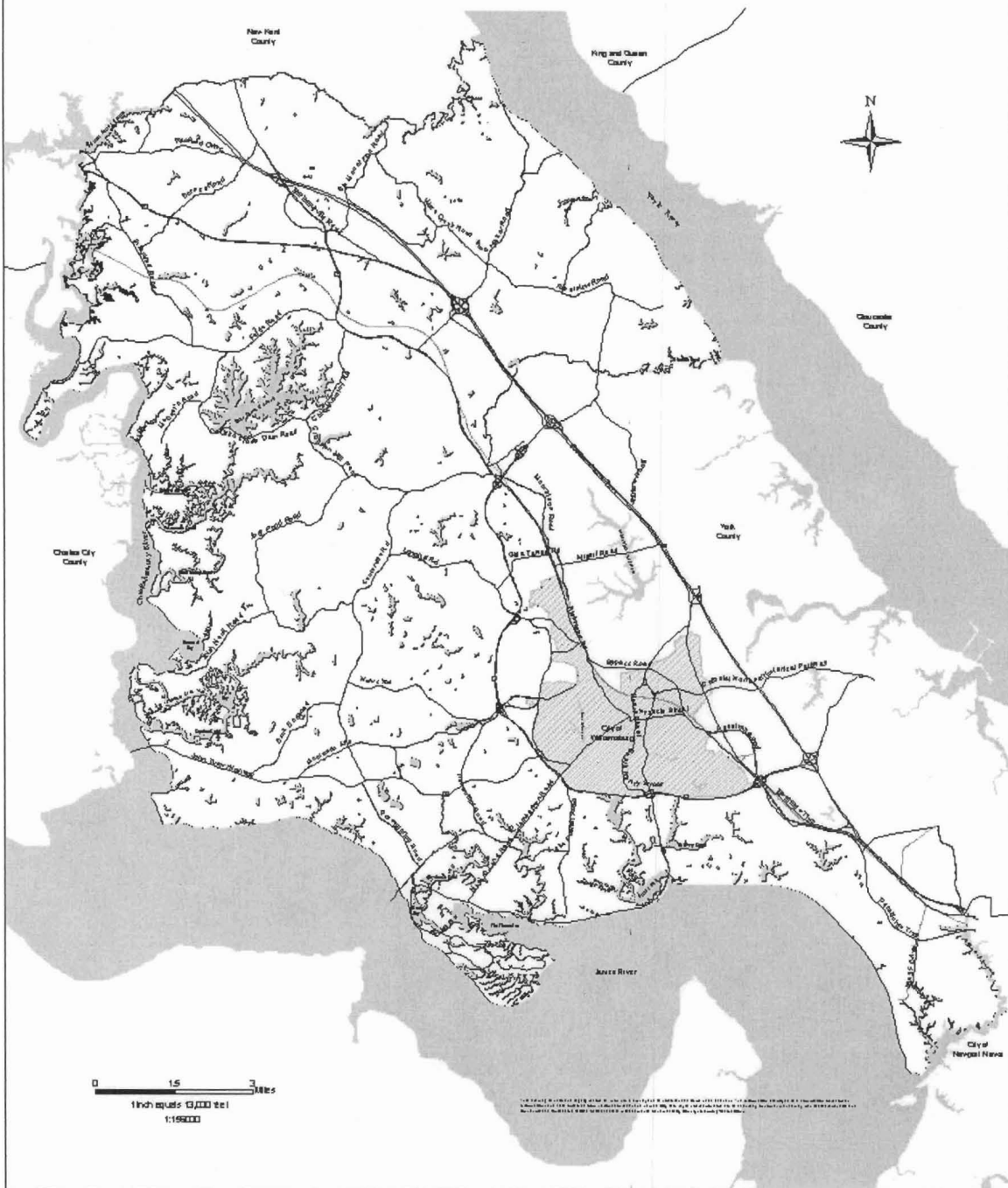
No dealer, broker, salesman or other person has been authorized by the Authority, the School Board or the County to give any information or to make any representations other than as contained in this Official Statement in connection with the offering of the 2006 Bonds and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the 2006 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Authority, the School Board or the County and the purchasers or owners of any of the 2006 Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the School Board or the County since the date hereof. Any statement in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as **representations of fact. No representation is made that any such opinion or estimate will be realized.** The information set forth in this Official Statement has been obtained from the Authority, the School Board, the County and other sources that are believed to be reliable, but as to information from other sources, is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Authority, the School Board or the County.

The 2006 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The registration or qualification of the 2006 Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the 2006 Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. **NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAS PASSED UPON THE MERITS OF THE 2006 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**



James City County



This map is a reproduction of the original map. It is not a substitute for the original map. The original map is the only authoritative source for the information contained herein. The map is not to be used for any purpose other than the one for which it was prepared. The map is not to be used for any purpose other than the one for which it was prepared.

TABLE OF CONTENTS

INTRODUCTION.....	1
The County	1
Delivery.....	2
Additional Information; Applicable Documents	2
THE 2006 BONDS	2
General Description.....	2
Redemption	3
Book-Entry Only System	4
SECURITY FOR THE 2006 BONDS	5
Additional Bonds; Trust Estate	5
The Ground Lease and the Lease	6
The Indenture	7
Leasehold Deed of Trust	8
Assignment of Rents and Leases	8
Debt Service Reserve Fund	8
Bondholders Remedies in the Event of Default	8
INVESTMENT CONSIDERATIONS.....	9
Limited Source of Payments	10
Nonappropriation, Default and Remedies	10
Taxation of Payments on the Bonds.....	10
Limitations on Enforceability of Remedies.....	10
SOURCES AND USES OF FUNDS	11
DEBT SERVICE REQUIREMENTS FOR THE 2006 BONDS	11
THE AUTHORITY.....	12
APPROVAL OF LEGAL PROCEEDINGS	12
TAX EXEMPTION	12
Opinion of Bond Counsel.....	12
Original Issue Discount.....	12
Original Issue Premium.....	13
Other Tax Matters	13
LITIGATION.....	13
The Authority	13
The County.....	14
MISCELLANEOUS	14
Ratings	14
Financial Advisor	14
Competitive Sale	14
Certificates of Authority and County Officials	14
Continuing Disclosure	15
Relationship of Parties	15
Summaries and Descriptions	15
APPENDIX A: COUNTY OF JAMES CITY, VIRGINIA	
APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005	
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX D: PROPOSED FORM OF OPINION OF BOND COUNSEL	
APPENDIX E: NOTICE OF BOND SALE	

OFFICIAL STATEMENT

\$106,000,000*

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA LEASE REVENUE BONDS (PUBLIC FACILITY PROJECTS) SERIES 2006

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover pages and the Appendices, is to furnish information in connection with the sale by the Economic Development Authority of James City County, Virginia (the "Authority"), of its \$106,000,000* Lease Revenue Bonds (Public Facility Projects), Series 2006 (the "2006 Bonds"), dated December __, 2006*. The 2006 Bonds are being issued to provide funds to (i) (a) construct and equip a new elementary school called Matoaka Elementary School (the "Matoaka Project") and a second new unnamed elementary school, as well as one new unnamed middle school, and (b) renovate Stonehouse Elementary School (all of the foregoing in clauses (i)(a) and (b) being referred to herein collectively as the "Project"), (ii) fund a Debt Service Reserve Fund in the amount of \$_____, which is the initial Reserve Requirement, as described in the section **"SECURITY FOR THE 2006 BONDS – Debt Service Reserve Fund"** and (iii) pay the costs of issuing the 2006 Bonds. The 2006 Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006, between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"), and the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"). The Project will be leased by the Authority to the Williamsburg-James City County School Board (the "School Board") pursuant to a Lease Agreement, dated as of December 1, 2006 (the "Lease"), between the Authority and the School Board. The Matoaka Project will be subject to a Leasehold Deed of Trust, dated as of December 1, 2006 (the "Leasehold Deed of Trust"), from the Authority to the deed of trust trustees thereunder for the benefit of the Trustee, and, a future date, the other new elementary school and the new middle school will also become subject to the Leasehold Deed of Trust.

The Bonds (as defined herein) will be limited obligations of the Authority, payable primarily from certain rental payments to be made by the School Board pursuant to the Lease. **The obligation of the School Board to make rental payments under the Lease will be subject to annual appropriations by the School Board, which funds are, in turn, subject to annual appropriations by the Board of Supervisors of James City County, Virginia (the "Board"), and neither the School Board nor the Board will be under any legal obligation to make such appropriations.**

The Bonds and the interest on them shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any of its political subdivisions, including the Authority and the County. Neither the Commonwealth nor any of its political subdivisions, including the Authority and the County, shall be obligated to pay the principal of, premium, if any, and interest on the Bonds or other costs incident to them except from the revenues and receipts pledged for such purpose. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions, including the Authority and the County, is pledged to the payment of the principal of, premium, if any, and interest on the Bonds or other costs incident to them. The Authority has no taxing power.

The County

The County is located in the southeastern portion of Virginia, approximately equidistant between Richmond and Norfolk. It has a total area of 175 square miles. The County is rich in history and lies at the heart of the Historic Triangle, which includes Jamestown, site of the first permanent English-speaking settlement in 1607;

* Preliminary, subject to change.

Williamsburg, the restored colonial capital of Virginia between 1699-1780; and Yorktown, the final battlefield in the American war for independence in 1781. Additional information regarding the County is provided in Appendix A to this Official Statement, entitled “**COUNTY OF JAMES CITY, VIRGINIA.**” The audited financial statements for the County for the fiscal year ended June 30, 2005 are provided in Appendix B to this Official Statement.

Delivery

The 2006 Bonds are offered for delivery, when, as and if issued, subject to the approval of validity by Troutman Sanders LLP, Richmond, Virginia, Bond Counsel, and to certain other conditions referred to herein. Certain legal matters will be passed upon for the County by the County Attorney, Leo P. Rogers, Esquire. It is expected that the 2006 Bonds will be available for delivery, at the expense of the County, in New York, New York, through the facilities of DTC, on or about December __, 2006.

Additional Information; Applicable Documents

Any question concerning the content of this Official Statement should be directed to the County, c/o Sanford B. Wanner, County Administrator, 101-C Mounts Bay Road, Williamsburg, Virginia 23185, (757) 253-6604, or to the County’s Financial Advisor, Davenport & Company LLC, 901 East Cary Street, 11th Floor, Richmond, Virginia 23219, (804) 697-2900. This information herein speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the County. Certain real estate and the improvements thereon will be leased by the School Board to the Authority pursuant to a Ground Lease, dated as of December 1, 2006 (the “Ground Lease”), between the School Board and the Authority. The County, as the agent of the Authority and the School Board, will use the proceeds from the 2006 Bonds to construct, renovate and develop the Project. Such real estate, the improvements thereon and the Project will be leased by the Authority to the School Board pursuant to the Lease. Pursuant to an Assignment of Rents and Leases, dated as of December 1, 2006 (the “Assignment”), the Authority will assign to the Trustee substantially all of the rights of the Authority under the Ground Lease and the Lease. Additional information regarding such documents is provided in the section below “**SECURITY FOR THE 2006 BONDS.**” Together, the Indenture, the Ground Lease, the Lease and the Assignment are referred to herein as the “Basic Documents.” The County approved the use of the Basic Documents by a resolution adopted by the Board on November 14, 2006. The Authority approved the issuance of the 2006 Bonds and the use of the Basic Documents to which it is a party by a resolution adopted by the Authority on November 16, 2006. The School Board approved the use of the Basic Documents by a resolution adopted by the School Board on November 14, 2006.

THE 2006 BONDS

General Description

The 2006 Bonds consist of the Authority’s \$106,000,000* Lease Revenue Bonds (Public Facility Projects) Series 2006, dated December __, 2006*, with principal payments on June 15 in the years and amounts shown on the inside cover page of this Official Statement. Interest on the 2006 Bonds will be payable on each December 15 and June 15 commencing on June 15, 2007 (each, an “Interest Payment Date”), until the earlier of maturity or redemption, at the rates per year shown on the inside cover page of this Official Statement. Interest will be calculated upon the basis of a 360-day year with twelve 30-day months. The 2006 Bonds are subject to redemption prior to maturity, as summarized below in “– **Redemption.**”

The 2006 Bonds will be issued in authorized denominations of \$5,000 and multiples thereof and will be held on behalf of The Depository Trust Company, New York, New York (“DTC”), or its nominee, as securities depository. As long as the 2006 Bonds are held on behalf of DTC or its nominee, principal, premium, if any, and interest will be paid to Cede & Co., as nominee of DTC, on each maturity date, redemption date or Interest Payment Date, as applicable. Purchases of beneficial ownership interests in the 2006 Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of bond certificates. See the section below “– **Book-Entry Only System.**”

Principal of, premium, if any, and interest on the 2006 Bonds are payable in lawful money of the United States of America. In case the date fixed for the payment of principal of, interest on or the redemption price of the 2006 Bonds is not a business day at the place where the designated corporate trust office of the Trustee is located,

* Preliminary, subject to change

then payment of the principal, premium, if any, and interest need not be made on such day, but may be made on the next succeeding business day, and if made on such next succeeding business day, no additional interest shall accrue for the period after such date of payment or redemption.

Additional information regarding the 2006 Bonds is provided under the headings “**SECURITY FOR THE 2006 BONDS**” and “**MISCELLANEOUS.**”

As long as the 2006 Bonds are held on behalf of DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, on each Interest Payment Date. If the book-entry system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners, as defined below, will become registered owners of the 2006 Bonds (“Bondholders”). Interest on the 2006 Bonds shall be payable on each Interest Payment Date by check or draft mailed by the Trustee to the registered owner at his address as it appears on the first day (whether or not a business day) of the month of each Interest Payment Date. Principal of and premium, if any, on the 2006 Bonds is payable upon presentation of the 2006 Bonds at the designated corporate trust office of the Trustee.

Redemption

Extraordinary Redemption. The 2006 Bonds are required to be redeemed prior to maturity, in whole or in part at any time, upon payment of a redemption price of 100% of the principal amount thereof to be redeemed plus interest accrued to the redemption date, from and only to the extent of funds on deposit with the Trustee and available for such purpose, in the event the School Board, at the direction of the County, elects not to use proceeds from any insurance recovery or condemnation award to restore the Project or any integral portion thereof under circumstances involving (A) loss of title to all or any integral portion of the Project, (B) condemnation of all or any integral portion of the Project or sale in lieu thereof, or (C) damage to all or any integral portion of the Project resulting from fire or other casualty loss.

Unless provided to the contrary in the related supplemental indenture, in the event Additional Bonds (as defined herein) are issued under the Indenture and if a partial redemption pursuant to the extraordinary redemption provision occurs, each series of Bonds shall be redeemed ratably (being mindful of any authorized denominations), and within each series of Bonds, the maturities and principal amounts within such maturities of the Bonds to be redeemed shall correspond to the latest maturities of the principal components of Basic Rent, as defined herein (with respect to each series of Bonds, as applicable) being prepaid with such net proceeds.

Optional Redemption. The 2006 Bonds maturing on or after June 15, 2017, are subject to redemption by the Authority at the direction of the School Board (acting at the direction of the County) on or after June 15, 2016 in whole or in part at any time, in any integral multiple of 5,000, upon payment of one hundred percent of the principal amount of the 2006 Bonds to be redeemed plus interest accrued and unpaid to the redemption date.

Manner of Redemption. If less than all of the 2006 Bonds are called for optional redemption, the maturities of the 2006 Bonds to be redeemed shall be selected by the School Board (acting at the direction of the County) either (a) in inverse order of maturity or (b) proportionately among all maturities and mandatory sinking fund redemption requirements such that the reductions in total annual debt service of the 2006 Bonds is reduced ratably. If less than all the 2006 Bonds of any maturity are called for redemption, the 2006 Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. If a portion of a 2006 Bond shall be called for redemption, a new 2006 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon surrender thereof. Interest shall cease to accrue on any 2006 Bonds duly called for redemption, on the redemption date, if payment thereof has been duly provided. During the period that DTC or the DTC nominee is the registered holder of the 2006 Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners of the 2006 Bonds. See the section below “-- **Book-Entry Only System.**”

If the 2006 Bonds are called for redemption, the Trustee is required to send to the registered owner of each 2006 Bond to be redeemed written notice of the call for redemption not less than 30 nor more 60 days prior to the redemption date, at such owner's address as it appears on the registration books. Failure to mail the notice or any defect in any such notice will not affect the validity of any proceedings for the redemption of any 2006 Bonds with respect to which no such failure or defect has occurred. A notice of optional redemption or extraordinary redemption may be conditioned upon the occurrence of future events, including the availability of funds to effect the

redemption on the redemption date. If such conditions are not satisfied, the School Board (acting at the direction of the County) may rescind the redemption.

Book-Entry Only System

Upon initial issuance, the 2006 Bonds will be available only in book-entry form. DTC will act as securities depository for the 2006 Bonds and the ownership of one fully-registered bond for each maturity of 2006 Bonds in the principal amount of such maturity and will be registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC, and deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, DTC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2006 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2006 Bonds, except in the event that use of the book-entry system for the 2006 Bonds is discontinued.

To facilitate subsequent transfers, all 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2006 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2006 Bonds, such as redemptions, defaults, and proposed amendments to the Indenture, the Lease or the other Basic Documents. For example, Beneficial Owners of 2006 Bonds may wish to

ascertain that the nominee holding the 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2006 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2006 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2006 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2006 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2006 Bond certificates will be printed and delivered.

The information contained herein concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the School Board and the County believe to be reliable, but the Authority, the School Board and the County take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the 2006 Bonds, as nominee of DTC, references in this Official Statement to the Holders or Owners of the 2006 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the 2006 Bonds for all purposes under the Indenture.

The Authority may enter into amendments to its agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2006 Bonds, without the consent of Beneficial Owners or Bondholders.

SECURITY FOR THE 2006 BONDS

Additional Bonds; Trust Estate

Pursuant to the Indenture, there may be issued one or more series of additional bonds (the "Additional Bonds") to (a) complete the Project, (b) expand the Project or (c) prepay, redeem or defease the 2006 Bonds or any other Additional Bonds issued under the Indenture. Together, the 2006 Bonds and any such Additional Bonds are referred to herein as the "Bonds." Each such series of Additional Bonds will be issued pursuant to supplements to the Indenture and to the Lease and will be equally and ratably secured under the Indenture with the 2006 Bonds and any other Additional Bonds, without preference, priority or distinction of any Bonds over any other Bonds; *provided*, that a municipal bond insurance policy issued for one series of Bonds will not secure another series; and *provided further*, that a series of Additional Bonds will be secured by the Debt Service Reserve Fund created under the Indenture (the "Debt Service Reserve Fund") only if the related supplemental indenture so provides and an

amount equal to the Reserve Requirement (as defined below) is on deposit in the Debt Service Reserve Fund on the date of the issuance of such Additional Bonds. Unless provided otherwise in a supplemental indenture, all such Additional Bonds will be in substantially the same form as the 2006 Bonds, but shall bear such date or dates, bear interest at such rate or rates, have such maturity amount or amounts and date or dates, and redemption dates and redemption premiums, contain an appropriate series designation, and be issued at such prices as shall be approved by the Authority.

The Authority will not issue any Bonds payable from Basic Rent under the Lease, except the 2006 Bonds and Additional Bonds as provided in the Indenture. As each series of Additional Bonds is issued, the schedule of Basic Rent payments due will be adjusted to provide sufficient moneys to pay the principal of and interest on all of the Bonds then outstanding, when due.

The Bonds are limited obligations of the Authority and are payable solely from and are secured by the "Trust Estate," which includes the following:

(a) All rights, title and interest of the Authority under the Ground Lease and the Lease (except its right to receive payment of its fees and expenses, to receive notices, to give consents and to obtain indemnification), as such agreements may be amended from time to time pursuant to their terms, including, without limitation, its rights to (1) receive payments of Basic Rent and that portion of Additional Rent to be deposited in the Debt Service Reserve Fund, (2) receive proceeds of condemnation of and insurance on the Project, (3) reenter and take possession of the Project or any portion thereof in the event of nonpayment of Basic Rent and Additional Rent by the School Board and lease the Project or any portion thereof, and (4) exercise remedies of the Authority upon default by the School Board under the Lease; *provided* that such assignment is without recourse as to the failure of the School Board to make payments (due to financial inability or otherwise) or of the School Board to perform any of its responsibilities or duties under the Ground Lease, the Lease or any other documentation pertaining to the issuance of the Bonds;

(b) Except for the Arbitrage Rebate Fund created under the Indenture, the funds, accounts, moneys and investments held by the Trustee pursuant to the terms of the Indenture; and

(c) All other property of any kind mortgaged, pledged or hypothecated by the Authority or by anyone on its behalf or with its consent at any time as and for additional security under the Indenture in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Indenture, including any moneys for the payment of principal of or interest on a series of Additional Bonds received pursuant to a municipal bond insurance policy issued to secure such series of Additional Bonds.

The Ground Lease and the Lease

The School Board will lease certain real estate and the improvements thereon (the "Real Estate") to the Authority pursuant to the Ground Lease. The term of the Ground Lease will commence on the date of issuance and delivery of the 2006 Bonds and will terminate on June 15, [2027], unless sooner terminated upon payment of all amounts owed by the School Board to the Authority under the Lease. The Project will be located on the Real Estate.

Pursuant to the Lease, the Authority will lease back to the School Board the Real Estate and the Project. The Lease is a net lease, and, during its term, the School Board will pay the rental payments and all other amounts required to be paid under it, without deduction, diminution or set-off or abatement for casualty, loss of title, condemnation or any other reason.

The County, as agent for the School Board, will provide for the construction, renovation and equipping of the Project with the proceeds of the 2006 Bonds. The County will, subject to annual appropriations being made by the Board, provide for completion of the Project, if proceeds from the 2006 Bonds are insufficient to pay such costs. The School Board and the County will not be entitled to any reimbursement from the Authority or reduction or postponement of amounts payable under the Lease by reason of payment for any such excess costs. The Authority may also issue Additional Bonds (as described above) for the purpose of completing the Project, expanding the Project or prepaying, redeeming or defeasing 2006 Bonds or Additional Bonds. As to the payments of Basic Rent under the Lease, such Additional Bonds will be equally and ratably secured with the 2006 Bonds.

The Lease will commence on the date of issuance and delivery of the 2006 Bonds and will terminate, unless sooner terminated as provided by the terms of the Lease, on the earlier of June 15, [2026] (provided that all rental payments have been made) or payment in full of the Bonds, but in no event later than June 15, [2027], which is the final termination date of the Ground Lease.

In the Lease, the School Board has covenanted to pay Basic Rent and Additional Rent. Basic Rent payments are to be made in amounts expected to be sufficient to enable the Authority to meet its scheduled debt service payments on the 2006 Bonds and any Additional Bonds. Additional Rent includes the fees and expenses of the Trustee and the Authority, amounts sufficient to restore the Debt Service Reserve Fund to the Reserve Requirement within 60 days of being notified of a deficiency therein, amounts sufficient to pay any redemption premium due upon the optional redemption of any Bonds, payments of arbitrage rebate due the United States pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and all other amounts which the School Board has assumed or agreed under the Lease to pay.

Pursuant to the Lease, the School Board has agreed to include in its budget request to the County for each of the fiscal years during the term of the Lease a request that the Board appropriate to the School Board in the fiscal year all amounts due under the Lease during such fiscal year. If at any time during any fiscal year the amount appropriated in the budget of the County for such fiscal year is insufficient to permit the School Board to pay when due amounts due under the Lease, the County Administrator (or other officer charged with the responsibility of preparing the County's budget) shall submit to the Board at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit. **The Board is not required to appropriate these amounts.**

On the tenth day of the month in which each interest and principal payment date on the Bonds occurs and on the tenth day of the month in which the final maturity of the Bonds occurs, the Trustee will determine if it has sufficient amounts on deposit in the Bond Fund created under the Indenture (the "Bond Fund") and available to make the ensuing principal or interest payment when due. If the amounts available in the Bond Fund are insufficient for this purpose, the Trustee promptly will give notice of this fact and the amount of the deficiency to the Authority, the School Board and the County.

The School Board is required under the Lease to pay Basic Rent to the Trustee in an amount sufficient to pay when due the principal of and interest on the Bonds and to pay Additional Rent to the Trustee in an amount sufficient to increase the balance in the Debt Service Reserve Fund to an amount equal to the Reserve Requirement and to pay any redemption premium due upon the optional redemption of any Bonds. The School Board has covenanted in the Lease to take such action as may be necessary to have the County include the payments due from the School Board under the Lease in the County's annual budget. The School Board has covenanted to use the amounts appropriated to it by the Board to make the payments due when the Lease for such purpose and for no other purpose. **Neither the Bonds nor the obligation of the School Board to make payments under the Lease constitutes a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of the County. The County will not be liable to provide funds to the School Board for any such payments under the Lease unless and until funds have been appropriated by the Board for payment and then only to the extent of such appropriations.**

The Indenture

The 2006 Bonds are being issued, and Additional Bonds may be issued, pursuant to the Indenture. Under the Indenture, the Authority pledges to the payment of the Bonds the Trust Estate, including the revenues it receives from payments of Basic Rent under the Lease.

The Indenture provides that the Trustee will deposit in the Bond Fund (1) all payments of Basic Rent received by the Trustee under the Lease, (2) all prepayments made under the Lease, (3) any pre-issuance accrued interest on the Bonds, (4) the proceeds of any insurance recovery not used to repair, reconstruct or restore the Project, and (5) any other amounts authorized to be deposited in the Bond Fund under the Indenture. The Trustee will pay from the Bond Fund the principal of and interest on the Bonds when due.

The Indenture provides that the Trustee will deposit in the Project Fund created under the Indenture (the "Project Fund") the proceeds of the 2006 Bonds and any Additional Bonds (except pre-issuance accrued interest, amounts deposited in the Debt Service Reserve Fund, and, as to Additional Bonds, amounts used to prepay, redeem

or defease the 2006 Bonds or other Additional Bonds). The Trustee will use money in the Project Fund solely to pay the costs of the Project, including the costs of issuing the Bonds. The Trustee will make payments from the Project Fund upon receipt of requisitions signed on behalf of the County, as agent for the School Board, providing the required information with respect to the use of the amounts being requisitioned.

Leasehold Deed of Trust

As additional security for the 2006 Bonds, the Authority has granted a lien on the Authority's leasehold interest in the Matoaka Project pursuant to the Leasehold Deed of Trust. The School Board and the Authority have agreed to undertake all actions necessary to grant a lien on the Authority's leasehold interest in the unnamed middle school and the unnamed elementary school once the land for the same has been acquired.

Assignment of Rents and Leases

As additional security for the Bonds, pursuant to the Assignment, the Authority has assigned to the Trustee substantially all of its rights and interests in the Ground Lease and the Lease, including its right under the Lease to receive payments of Basic Rent and Additional Rent, except that portion of Additional Rent to be paid to the Authority for the payment of its fees, expenses and indemnification.

Debt Service Reserve Fund

The 2006 Bonds will be secured by the Debt Service Reserve Fund. Additional Bonds may or may not be secured by the Debt Service Reserve Fund. If any Additional Bonds are to be secured by the Debt Service Reserve Fund, the Indenture requires that there be on deposit in the Debt Service Reserve Fund at the time of the issuance of such Additional Bonds an amount equal to the Reserve Requirement. The Reserve Requirement is the least of (i) ten percent (10%) of the stated principal amount of each series of Bonds secured by the Debt Service Reserve Fund (or ten percent (10%) of the issue price (net of pre-issuance accrued interest) of such a series of Bonds, if required by the Code), (ii) 125% of the average annual debt service on the Bonds secured by the Debt Service Reserve Fund and (iii) the maximum annual debt service on the Bonds secured by the Debt Service Reserve Fund for the then current or any future year ending June 15. As Bonds secured by the Debt Service Reserve Fund are issued, repaid, redeemed or defeased, the Reserve Requirement may be recalculated. The Debt Service Reserve Fund is required to be used to the extent necessary to pay when due the principal of and interest on the Bonds to be secured by the Debt Service Reserve Fund if the amount on deposit in the Bond Fund is insufficient for that purpose.

Upon the issuance of the 2006 Bonds, the Reserve Requirement will be \$ _____. Under the Lease, if the balance in the Debt Service Reserve Fund falls below the Reserve Requirement, the School Board is required (subject to appropriation) to pay Additional Rent in an amount sufficient to restore the balance in the Debt Service Reserve Fund to the Reserve Requirement within 60 days of notice from the Trustee of the deficit in the Debt Service Reserve Fund.

Bondholders Remedies in the Event of Default

Events of Default. Each of the following is an Event of Default under the Indenture: (1) payment of interest on any Bond is not made when due, (2) payment of principal of or premium on any Bond is not made when due, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture, subject to certain rights of the Authority to notice and an opportunity to cure, and (4) the occurrence and continuation of any "Event of Default" under the Lease.

Events of Default under the Lease include (1) failure by the School Board to pay Basic Rent (unless the default occurs as a result of the failure of the School Board or the County to appropriate amounts due under the Lease, in which case the provisions of the next paragraph below are applicable), (2) failure by the School Board to pay any other amount due under the Lease, which failure continues more than 30 days after notice thereof (unless the default occurs as a result of the failure of the School Board or the County to appropriate amounts due under the Lease, in which case the provisions of the next paragraph below are applicable), (3) failure by the School Board to observe and perform any of its other covenants, conditions or agreements in the Lease, which failure continues more than 60 days after notice (unless an extension is agreed to), and (4) the entering of an order or a decree appointing a receiver for all or any part of the Project or the revenues from the Project with the consent of the School Board, or, if such entry is without the School Board's consent, if it is not vacated, discharged or stayed within 90 days of its entry.

A failure by the School Board to pay any amount due under the Lease or perform any covenant, condition or agreement, resulting from a failure by the School Board or the County to appropriate funds for such purposes, will not be an Event of Default under the Lease. Instead, the provisions summarized in the section below “-- Early Termination” will apply.

Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee may, and if required by the owners of twenty-five percent in aggregate principal amount of Bonds outstanding will, declare the entire unpaid principal of and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds will be immediately due and payable. The Bonds are payable primarily from the Basic Rent under the Lease, which Basic Rent is subject to annual appropriation by the School Board and the Board.

The Trustee may, with or without the action described in the preceding paragraph, proceed to protect and enforce the rights of the owners of the Bonds in the manner it deems most expedient to the interests of such owners. All remedies under the Indenture are cumulative.

Remedies available to the Authority and the Trustee (as assignee and on behalf of the Authority) under the Lease for an Event of Default thereunder include the following: (1) the Trustee may declare all unpaid rental payments under the Lease to be immediately due and payable; (2) the Trustee may re enter and take possession of all or any part of the Project without terminating the Lease, exclude the School Board from possession and maintain any subleases then in effect, and sublease any portion of the Project not then subleased, holding the School Board liable for any difference in rentals; (3) the Trustee may terminate the Lease as to all or any part of the Project, exclude the School Board from possession from all or any portion of the Project, and lease all or any portion of the Project for the account of the School Board to one or more parties, holding the School Board liable for any difference in rentals; (4) the Trustee may have access to and inspect the School Board’s records pertaining to the Project; and (5) the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect rental payments and other amounts then due or to become due, or to enforce performance and observance of any obligation or agreement of the School Board under the Lease.

Other than the right of acceleration described above, no owner of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default under the Indenture has occurred and is continuing and the owner has given the Trustee written notice of it or the Trustee is deemed to have notice by virtue of the Indenture; (2) the owners of twenty-five percent in aggregate principal amount of Bonds then outstanding have requested the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its own name; (3) the Trustee has been indemnified as provided by the Indenture; (4) the Trustee has failed or refused within 30 days to comply with such request; (5) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the holders of a majority in aggregate principal amount of Bonds then outstanding; and (6) notice of such action, suit or proceeding is given to the Trustee.

Early Termination. If the School Board cannot observe and perform any covenant or agreement as a result of the School Board’s or the County’s failure to appropriate funds for amounts due under the Lease, the Authority, or the Trustee as assignee and on behalf of the Authority, may terminate the Lease upon 30 days’ notice. The Authority may exclude the School Board from possession and sublease all or any portion of the Project, applying the proceeds in accordance with the Indenture. The School Board may reinstate the Lease prior to its termination upon satisfaction of certain conditions.

INVESTMENT CONSIDERATIONS

An investment in the 2006 Bonds involves various risks. Prospective investors should carefully consider the following information in conjunction with the other information contained in this Official Statement before making a decision to purchase any 2006 Bonds. Although this section does not list all of the factors to be taken into account by a prospective purchaser of the 2006 Bonds in evaluating the risk of the investment, the following factors are considered by the County to be the most salient.

Limited Source of Payments

The Bonds are not general obligations of the Authority but are limited obligations payable primarily from revenues received by the Authority under the Lease. The ability of the Authority to make timely payments of principal and interest on the Bonds depends solely on the ability of the School Board to make timely payments under the Lease. The obligation of the School Board to make payments under the Lease is subject to and dependent upon amounts being lawfully appropriated from time to time by the School Board and the Board. **The School Board and the Board are not required to appropriate such amounts.** The County agreed in its resolution adopted on November 14, 2006 to consider making annual appropriations to the School Board to make the payments due under the Lease. The full faith and credit and the taxing power of the County are not pledged in any way to the Bonds or payments due under any of the Basic Documents. For more information on the County, see “**APPENDIX A – County of James City, Virginia**” and “**APPENDIX B – Audited Financial Statements of for the Fiscal Year Ended June 30, 2005.**”

Nonappropriation, Default and Remedies

Pursuant to the Lease, in the event that funds for the payment of the obligations under the Lease are insufficient to make the required payments thereunder, the Trustee may terminate the Lease without penalty. In the event that the School Board defaults under the Lease, the Trustee as assignee of the Authority may take possession of and re-lease the Project. Since the re leasing of the Project may not be possible on terms as favorable as those of the Lease, there can be no assurance that the principal and interest payments on the Bonds expected to be realized, as set forth in this Official Statement, will in fact be received.

Taxation of Payments on the Bonds

An opinion of Bond Counsel will be obtained to the effect that, subject to the conditions stated therein, interest on the 2006 Bonds is excludable from gross income for purposes of federal income taxation. See Appendix D. To the extent, however, that the School Board is removed from possession of the Project as a result of an Event of Default under the Indenture or the Lease or an event of nonappropriation by the School Board or the County, as described above, and the Project ceases to be used for governmental purposes, interest on the 2006 Bonds may not be excludable thereafter from gross income for purposes of federal income taxation and may be includable in computing Virginia income tax. If the Authority, the School Board or the County fails to comply with certain covenants contained in the Basic Documents and the tax certificate with respect to the requirements of the Code, interest on the 2006 Bonds may not be excludable thereafter from gross income for purposes of federal income taxation.

Limitations on Enforceability of Remedies

The realization of any rights upon an Event of Default will depend upon the exercise of various remedies specified in the Indenture and the Lease. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Indenture and the Lease may not be readily available. If an Event of Default occurs under the Indenture, the Trustee may, and upon the request of the owners of a majority in aggregate principal amount of Bonds (including the 2006 Bonds and any Additional Bonds) then outstanding, the Trustee will, proceed to protect and enforce its rights and the rights of the owners of the Bonds. If the owners of Additional Bonds constitute the owners of a majority in aggregate principal amount of Bonds then outstanding, such owners could direct the remedies to be pursued by the Trustee, without obtaining the consent or approval of any of the owners of the 2006 Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the anticipated application of the proceeds of the 2006 Bonds.

Sources of Funds

Face Amount of Bonds	\$ _____
Net Original Issue Premium (Discount)	_____
Total Sources	\$ _____

Uses of Funds

School Construction, School Renovation and Equipment	\$ _____
Deposit to Debt Service Reserve Fund	_____
Costs of Issuance*	_____
Total Uses	\$ _____

*Includes an underwriter's discount. See the section "MISCELLANEOUS – Competitive Sale."

DEBT SERVICE REQUIREMENTS FOR THE 2006 BONDS

The following table shows the payments of principal and interest scheduled to become due on the 2006 Bonds and the schedule of Basic Rent scheduled to become due on the Lease.

Bond Year Ending June 15	Principal	Interest	Total Debt Service/Basic Rent
2007	\$ _____	\$ _____	\$ _____
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

THE AUTHORITY

The Authority was created pursuant to the Act by an ordinance adopted by the Board to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Board. The Authority is empowered, among other things, to acquire, construct, improve, maintain, equip, own, lease and dispose of facilities for the use of governmental entities and to finance the same by the issuance of its revenue bonds. The 2006 Bonds will be limited obligations of the Authority. The Authority has no taxing power.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the 2006 Bonds will be subject to the approving opinion of Troutman Sanders LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the County upon delivery of the 2006 Bonds (the "Bond Opinion"). The proposed form of the Bond Opinion is attached to this Official Statement as Appendix D. The Bond Opinion will be limited to matters relating to the authorization and validity of the 2006 Bonds and to the tax-exempt status of interest thereon as described below in the section "**TAX EXEMPTION.**" Bond Counsel has not been engaged to investigate the financial resources of the County or the School Board or the ability of the County to make funds available to the School Board to provide for payment of Basic Rent under the Lease, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase 2006 Bonds.

Certain legal matters will be passed upon for the County by the County Attorney, Leo P. Rogers, Esquire. Certain legal matters will be passed upon for the Authority by its counsel, Troutman Sanders LLP.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law, interest, including accrued original issue discount ("OID"), on the 2006 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Except as described below, Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the 2006 Bonds. Further, in the opinion of Bond Counsel, interest, including accrued OID, on the 2006 Bonds is exempt from income taxation by the Commonwealth.

The Bond Opinion will be given in reliance upon certifications by representatives of the Authority, the School Board and the County as to certain facts relevant to both the Bond Opinion and requirements of the Code. The Authority, the School Board and the County have covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the 2006 Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2006 Bonds. Failure by the Authority, the School Board or the County to comply with such covenants could cause interest, including accrued OID, on the 2006 Bonds to become included in gross income for federal income tax purposes retroactively to their date of issue.

Original Issue Discount

The OID on the 2006 Bonds maturing in the years ____ through ____ (collectively, the "OID Bonds") is the excess of the stated redemption price of any OID Bond at maturity over the initial offering price to the public at which a substantial amount of the 2006 Bonds of the same maturity was sold. The "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. OID on the OID Bonds represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year will be included in determining the corporate alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned below. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in corporate alternative minimum tax liability, additional distribution requirements, or other

collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

In the case of an original owner of an OID Bond, the amount of the OID which is treated as having accrued with respect to the OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition which are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described herein.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in the compounding period.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such Bonds and with respect to state and local tax consequences of owning such OID Bonds.

Original Issue Premium

2006 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. An owner's basis in such a 2006 Bond must be reduced by the amount of premium which accrues while such 2006 Bond is held by the owner. No deduction for such amount will be allowed, but it generally will offset interest on the 2006 Bonds while so held. Purchasers of such 2006 Bonds should consult their own tax advisors with respect to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of owning such 2006 Bonds.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the 2006 Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to certain taxpayers including without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2006 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2006 Bonds should consult their own tax advisors as to collateral federal income tax consequences.

Prospective purchasers of the 2006 Bonds should consult their own tax advisors as to the status of interest on the 2006 Bonds under the tax laws of any state other than Virginia.

The 2006 Bonds have **not** been designated as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

LITIGATION

The Authority

No litigation is pending or, to the best of the knowledge of the Authority, threatened (1) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (2) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (3) affecting the construction, renovation, equipping or operation of the Project or any portion thereof.

The County

No litigation is pending or, to the best of the knowledge of the County, threatened (1) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (2) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (3) affecting the construction, renovation, equipping or operation of the Project or any portion thereof.

During the normal course of business, the County and its employees have been named as defendants in litigation filed by parties concerning alleged personal injuries, property damages, and other causes of action, which are being vigorously defended by the County. The County believes that no losses will be incurred as a result of such litigation that would have a material adverse effect on the County's financial position.

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's"), Standard & Poor's Public Finance Ratings ("Standard & Poor's") and Fitch Ratings ("Fitch") have given the 2006 Bonds the ratings of ___, ___, and ___, respectively. The County requested that the 2006 Bonds be rated and furnished certain information to Moody's, Standard & Poor's and Fitch, including certain information that may not be included in this Official Statement. Such ratings are based on the credit of the County and reflect only the views of such rating agencies. Any desired explanation of the significance of such ratings should be obtained from Moody's at 99 Church Street, New York, New York 10007, telephone (212) 553-0300; from Standard & Poor's at 55 Water Street, New York, New York 10004, telephone (212) 208-8000; or from Fitch at One State Street Plaza, New York, New York 10004, telephone (212) 908-0829. Generally, rating agencies base their ratings on the information and materials so furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The County and the Financial Advisor have undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the rating of the 2006 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision in or withdrawal of a rating could have an adverse effect on the market price of the 2006 Bonds.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, has served as financial advisor to the County with respect to the sale of the 2006 Bonds. Davenport & Company LLC has assisted in the preparation of this Official Statement and in the matters relating to the planning, structuring and issuance of the 2006 Bonds and has provided other advice. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the 2006 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Competitive Sale

After competitive bidding on December __, 2006, the 2006 Bonds were awarded to _____ (the "Purchaser"). The Purchaser has supplied the information as to the public offering yields set forth on the inside cover page of this Official Statement. If all of the 2006 Bonds are resold to the public at such yields, the Purchaser has informed the County that it anticipates total underwriting compensation of \$_____. **The Purchaser may change the public offering yields from time to time.**

Certificates of Authority and County Officials

Concurrently with the delivery of the 2006 Bonds, the County will furnish to the Purchaser a certificate dated the date of delivery of the 2006 Bonds, signed by the appropriate County officials and stating that (1) no litigation is then pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (b) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (c) affecting the construction, renovation, equipping or operation of the Project, and (2) the descriptions and statements in this Official Statement (except under the headings **"THE 2006 BONDS -- Book-Entry Only System," "TAX EXEMPTION,"** and

“MISCELLANEOUS – Litigation” and the information as to yields or prices on the inside cover page) on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects, did not and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in the light of the circumstances under which they were made, not misleading, and that no material adverse change has occurred in the financial condition of the County between the date of this Official Statement and the date of delivery of the 2006 Bonds other than as contemplated in this Official Statement. Such certificate will also state, however, that such County officials did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

The County Attorney will furnish to the Purchaser concurrently with the delivery of the 2006 Bonds a certificate dated the date of delivery of the 2006 Bonds, stating that the statements under the heading **“MISCELLANEOUS – Litigation – The County”** on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading. Counsel to the Authority will also furnish to the Purchaser concurrently with the delivery of the 2006 Bonds a certificate dated the date of delivery of the 2006 Bonds, stating that the statements under the heading **“MISCELLANEOUS – Litigation – The Authority”** on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading.

Continuing Disclosure

The County will enter into a Continuing Disclosure Certificate (the “Disclosure Certificate”). In the Disclosure Certificate, the County has covenanted, for the benefit of the holders and Beneficial Owners of the 2006 Bonds, to provide certain financial information, including audited financial statements prepared in accordance with generally accepted accounting principles applicable to governmental entities, and operating data relating to the County not later than 270 days after the end of each of the County’s fiscal years, commencing with the fiscal year ending June 30, 2006 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events, if material. See Appendix C for the form of the Disclosure Certificate. These covenants have been made in order to assist the Purchaser in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

The County has not failed to comply, in all material respects, with any previous undertakings in a written contract or agreement meant to ensure compliance with Rule 15c2-12(b)(5). The Authority and the County have determined that the Authority is not an “obligated person,” as described in Rule 15c2-12(b)(5), with respect to the 2006 Bonds.

Relationship of Parties

Troutman Sanders LLP serves as counsel to the Authority and as Bond Counsel to the County. Further, Troutman Sanders LLP also serves as counsel to the Trustee or the Financial Advisor from time to time in unrelated matters.

Summaries and Descriptions

All summaries in this Official Statement of provisions of the statutes of the Commonwealth, including the Act, the Basic Documents, the 2006 Bonds and the Disclosure Certificate are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

This Official Statement and any advertisement of the 2006 Bonds are not to be construed as a contract with the purchasers of the 2006 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of these estimates will be realized.

The Authority has furnished all information in this Official Statement relative to it. The County has furnished all information in this Official Statement relative to it, including the audited financial statements for the

fiscal year ended June 30, 2005, and for the period then ended, as well as the report on the audited financial statements by KPMG LLP, Norfolk, Virginia, independent auditors, contained in Appendix B. KPMG LLP will not be reviewing any matters in connection with the issuance of the 2006 Bonds.

The Authority and the County have authorized the distribution of this Official Statement. The Authority has deemed this Official Statement to be "final" as of this date 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.

**ECONOMIC DEVELOPMENT AUTHORITY OF JAMES
CITY COUNTY, VIRGINIA**

By: _____
Chairman

Approved:

COUNTY OF JAMES CITY, VIRGINIA

By: _____
County Administrator

APPENDIX A

COUNTY OF JAMES CITY, VIRGINIA

COUNTY OF JAMES CITY, VIRGINIA

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	A-1
Form and Organization of Government.....	A-1
Certain Administrative Staff Members.....	A-2
Government Services and Facilities	A-2
Economic Development	A-2
ECONOMIC AND DEMOGRAPHIC FACTORS	A-3
Population.....	A-3
Income	A-3
Housing, Construction and Financial Activity	A-4
Employment	A-6
Tourism	A-8
Health Care.....	A-9
Education.....	A-9
Colleges and Universities	A-10
Public Safety	A-10
Transportation	A-10
Water and Wastewater Services	A-11
FINANCIAL INFORMATION	A-11
Auditors.....	A-11
Budgetary Process	A-11
Operating Budget	A-12
Accounting System.....	A-13
General Fund	A-13
Property Taxes, Assessments and Collections.....	A-15
Capital Improvements Program.....	A-17
Outstanding Bonded Debt and Debt Service	A-18
Other Indebtedness and Obligations.....	A-20
Retirement Systems	A-20
Post-Employment Benefits Other Than Pensions.....	A-21
Published Financial Information	A-21

COUNTY OF JAMES CITY, VIRGINIA

INTRODUCTION

James City County, Virginia (the "County"), is the site of Jamestown, which in 1607 became the first permanent English settlement in the New World. The United States Congress called Jamestown the birthplace of Virginia and American Government.

The County is conveniently located between the major metropolitan areas of Richmond and Norfolk. Adjacent to the County is the City of Williamsburg, Virginia (the "City"), home to historic Colonial Williamsburg and the College of William and Mary. During the 1970's and 1980's, tourism plus commercial and residential development expanded dramatically in the County and surrounding areas. Today, the County is home to approximately 56,463 residents and encompasses 144.1 square miles, the largest land area on the Virginia peninsula. Services provided by the County include a transit system, professional police service, fire and dispatch, parks and a recreation center, public-private health center, and social services that promote self-sufficiency.

Form and Organization of Government

The County is governed by a five member Board of Supervisors (the "Board"). Each member is elected by the voters in his or her district for a term of four years. Terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later. At their annual organizational meeting, the Board elects a chairman and vice chairman from among the five supervisors. The Board passes all local ordinances and determines all local policies which govern the County. It appoints a County Administrator as well as most boards and commissions. It also appropriates funds for County operations and generally oversees all County functions.

The current members of the Board, their occupations and the expirations of their terms of office are shown below:

<u>Supervisor</u>	<u>Occupation</u>	<u>Term Expires</u>
Bruce C. Goodson, Chairman	Businessman – Equipment Sales	December 31, 2007
John J. McGlennon	Professor – College of William & Mary	December 31, 2009
M. Anderson Bradshaw	Attorney	December 31, 2007
Jay T. Harrison, Sr.	Pastor	December 31, 2007
James O. Icenhour, Jr.	Retired Airline Pilot	December 31, 2009

The County Administrator is the chief administrative officer of the County and is responsible to the Board for executing policies established by the Board. The County Administrator acts as Clerk to the Board and handles the daily administrative operations of the County as well as its strategic planning.

In addition to the elected members of the Board, five constitutional officers are elected. These are the Commissioner of the Revenue, the Treasurer, the Clerk of the Circuit Court, the Commonwealth's Attorney and the Sheriff. The Treasurer, the Clerk of the Circuit Court, the Sheriff and the Commonwealth's Attorney are elected jointly by the voters of the County and the City. The County and the City are part of the 9th Judicial District and Circuit Courts. The three judges serving the area represent the Juvenile, District and Circuit Courts and are appointed by the General Assembly of Virginia. The Circuit Court Judge appoints the members of the County's Board of Zoning Appeals and members of the County's Electoral Board which, in turn, appoints the General Registrar.

The County's schools are operated by the Williamsburg-James City County School Board, which consists of 2 members appointed by the City and 5 members elected by the voters of the County. Each of the County members are elected by the voters in his or her district for a term of 4 years, and the terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later.

Certain Administrative Staff Members

Sanford B. Wanner, County Administrator, joined the County in 1985 as General Manager of the James City Service Authority. In June 1990 he was appointed Assistant County Administrator and in 1996 he was appointed County Administrator. Prior to joining the County, Mr. Wanner served from November 1981 to July 1985 as Director of Finance for the Williamsburg-James City County Schools. Mr. Wanner holds a Bachelor of Science degree in Education from The College of New Jersey and a Master of Science degree in Administration from George Washington University. Mr. Wanner is an International City/County Management Association ("ICMA") credentialed manager.

William C. Porter, Jr., Assistant County Administrator, received a Bachelor of Arts degree in Political Science from Randolph-Macon College in 1967 and a Master's Degree in Urban and Regional Planning from the University of Tennessee in 1972. Mr. Porter has served as Assistant County Administrator since 1996. Prior to that, Mr. Porter served twelve years as County Administrator in Louisa County, Virginia, three years as Assistant County Administrator in Stafford County, Virginia, five years as Director of Planning in Stafford County, and five years as a Planner in Henrico County, Virginia. Mr. Porter is an ICMA credentialed manager.

John E. McDonald, Manager of Financial and Management Services, joined the County in 1976 as Assistant to the County Administrator for Finance. From 1973 to 1976, Mr. McDonald was a Certified Public Accountant with the accounting firm Coopers & Lybrand. Since joining the County, Mr. McDonald has directed all the financial functions of the County, including budget, cash management, and investments, as well as the Divisions of Purchasing, Accounting, Real Estate Assessments, and Information Resources Management. He has held the title of Manager of Financial and Management Services since 1995. Mr. McDonald holds a Bachelor of Science degree in Finance from the University of Virginia and a Master's Degree in Business Administration from the College of William and Mary. He is a member of the Government Finance Officers Association and the American Institute of Certified Public Accounts.

Leo P. Rogers, was appointed by the Board in August 2004 as the County Attorney. Mr. Rogers had served as Deputy County Attorney since March 1990. He holds a Bachelor's degree in history from Rutgers College and received a Juris Doctor from the Marshall-Wythe School of Law at the College of William and Mary in 1988.

Government Services and Facilities

The County provides a comprehensive range of local government services characteristic of its form of government under Virginia law. Although legally separate and independent, the City and the County are closely linked. Both jurisdictions share an elected Treasurer, Clerk of the Circuit Court, Commonwealth's Attorney and Sheriff. The County and the City share a public school system, courts, transit, public health department, library, jail, bikeways, and recreation center. Cooperative agreements exist for fire, emergency medical, social services and recreation.

Economic Development

The Department of Economic Development's mission is to foster development and expansion of a diversified and healthy base of primary business and industry that will better balance the tax base, increase job opportunities and enhance both the quality and standard of living in the County. The department focuses on the retention and expansion of the County's existing primary businesses and industries, plus the recruitment of new businesses and industries.

The Economic Development Authority of James City County, Virginia (the "Authority") coordinates industrial revenue bond financings for qualifying businesses and charitable entities and manages inducements and loans to businesses. The Authority, in partnership with Williamsburg Development Inc., a subsidiary of Colonial Williamsburg Foundation, is developing and marketing the James River Commerce Center, a 219 acre light industry business park.

ECONOMIC AND DEMOGRAPHIC FACTORS

Population

According to estimates by the County, the County's current population is approximately 56,463. The following table presents the population figures for selected years.

**POPULATION AND RATES OF CHANGE
JAMES CITY COUNTY AND THE UNITED STATES
SELECTED YEARS**

Year	County	Rate of Change	United States	Rate of Change
1950	6,317		150,697,361	
1960	11,539	82.70%	178,464,236	18.43%
1970	17,853	54.70	203,211,926	13.87
1980	22,763	27.50	226,545,805	11.48
1990	34,859	53.10	249,200,000	10.00
1996	42,530	3.05	265,228,572	0.92
1997	44,019	3.50	267,783,607	0.96
1998	45,998	4.50	270,248,003	0.92
1999	47,451	3.16	272,690,813	0.90
2000	47,445	(0.01)	281,421,906	3.20
2001	49,256	3.82	285,102,075	1.31
2002	50,858	3.25	287,941,220	1.00
2003	52,303	0.97	290,788,976	0.99
2004	53,952	3.15	293,655,404	0.99
2005	56,463	4.65	296,410,404	0.94

Sources: 1996-2005 population figures are from the Weldon Cooper Center; other figures are from the U.S. Department of Commerce, Bureau of the Census.

Income

Presented below are comparative tables on per capita income and median household income for selected years.

PER CAPITA INCOME

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
James City County ¹	\$34,849	\$37,254	\$38,023	\$38,950	\$40,551
Commonwealth of Virginia	31,087	32,505	33,013	34,014	36,160
United States	29,845	30,574	30,810	31,484	33,050

¹ Data includes James City County and Williamsburg

Source: U.S. Department of Commerce, Bureau of Economic Analysis; computed using Census Bureau midyear population estimates with estimates for 2000 - 2004 reflecting population estimates available as of April 2006.

As depicted below, the County's median household income has increased from \$56,302 in 1999 to \$62,324 in 2003, or a 10.70% increase. During that same period, the Commonwealth of Virginia's median family income increased 11.55%.

MEDIAN HOUSEHOLD INCOME

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
James City County	\$56,302	\$58,342	\$57,352	\$59,483	\$62,324
Commonwealth of Virginia	44,848	46,789	48,130	48,224	50,028

Source: U.S. Department of Commerce, Bureau of the Census

Housing, Construction and Financial Activity

The data in the tables below are presented to illustrate various housing characteristics for the County. As of June 30, 2006, the total number of dwelling units in the County was estimated to be 25,387. Single-family and condominium units represented 75.92% percent of this total. Based on the latest information available, the distribution of all dwelling units is as follows:

DWELLING UNITS BY TYPE (As of June 30, 2006)

<u>Housing</u>	<u>Dwelling Units</u>	<u>Percent</u>
Single Family and Condo	19,273	75.92%
Two Family	422	1.66
Townhouses	2,180	8.59
Multifamily	2,054	8.09
Mobile Homes	<u>1,458</u>	<u>5.74</u>
Total	<u>25,387</u>	<u>100.00%</u>

Source: James City County Planning Division

TOTAL NUMBER OF BUILDING PERMITS ISSUED AND VALUE

<u>Calendar Year</u>	<u>Total Permits¹</u>	<u>Value Residential</u>	<u>Value Commercial and Industrial</u>	<u>Total Value</u>
1996	721	\$106,000,000	\$65,499,072	\$171,499,072
1997	892	112,000,000	55,817,866	167,817,866
1998	1,076	151,000,000	39,002,957	190,002,957
1999	1,141	159,000,000	61,506,432	220,506,432
2000	1,436	186,000,000	49,121,657	235,121,657
2001	1,115	136,000,000	41,294,975	177,294,975
2002	996	252,000,000	32,967,930	284,967,930
2003	1,042	206,000,000	36,835,817	242,835,817
2004	1,174	226,000,000	65,494,556	291,494,556
2005	1,362	188,993,942	89,576,187	278,570,129

¹ Includes all permits: Residential, Commercial and Industrial

Source: James City County Code Compliance Office

ESTIMATED VALUE OF NEW CONSTRUCTION

Fiscal Year	Residential Construction	Commercial and Industrial Construction
1996	\$112,972,338	\$28,702,304
1997	91,781,145	24,834,022
1998	126,044,546	31,524,996
1999	153,334,300	33,240,109
2000	187,869,190	50,295,305
2001	135,265,141	53,119,323
2002	170,128,299	29,544,103
2003	180,586,390	38,817,788
2004	215,960,174	29,478,502
2005	144,545,638	104,058,153
2006	188,993,942	89,576,187

Source: James City County Code Compliance Office

The average annual unemployment rate for the County for recent years is set forth in the following table.

UNEMPLOYMENT RATE ANNUAL AVERAGE RATES Calendar Year

	2001	2002	2003	2004	2005
James City County	1.9%	2.5%	2.5%	3.1%	2.9%
Commonwealth of Virginia	3.2	4.2	4.1	3.7	3.5
United States	4.7	5.8	6.0	5.5	5.1

Source: Virginia Employment Commission

Employment

Private employers in the County provided jobs to an average of 22,413 persons in the quarter ending March 31, 2006. The following table presents the number of establishments, employment and average weekly wages for this time period for private and public employees.

NUMBER OF ESTABLISHMENTS, EMPLOYMENT QUARTERLY GROSS WAGES, AND AVERAGE WEEKLY WAGE Quarter Ending March 31, 2006¹

Industry Group	Number of Establishments	Average Employment for Quarter	Average Weekly Wage Per Employee
Goods			
Natural Resources and Mining	7	44	\$ 299
Construction	258	1,809	692
Manufacturing	36	1,848	1,188
Total Goods	<u>301</u>	<u>3,701</u>	<u>\$ 935</u>
Services – Private			
Trade, Transportation and Utilities	314	4,709	484
Information	14	274	523
Financial Activities – Professional and Business Services	156	1,449	773
	300	2,467	751
Education and Health Services	115	4,371	649
Leisure and Hospital	139	5,106	305
Other Services	98	337	456
Total Services	<u>1,136</u>	<u>18,712</u>	<u>\$ 563</u>
Services - Public			
Public Administration	<u>23</u>	<u>742</u>	<u>739</u>
Total	<u>1,460</u>	<u>23,155</u>	<u>\$ 603</u>

¹ Data excludes self-employed persons

Source: Virginia Employment Commission

The following table is a breakdown of employment by sector.

**EMPLOYMENT BY SECTOR AS A PERCENTAGE OF TOTAL
Quarter Ending March 31, 2006**

Leisure and Hospitality	22%
Utilities	20
Education and Health Services	19
Services	11
Construction	8
Manufacturing	8
Financial Activities Professional and Business	6
Public Administration	3
Information	1
Other Services	1

Source: Virginia Employment Commission

The table below presents data regarding the major public and private employers in the County, including any products and services they provide and the approximate range of employers.

**MAJOR PUBLIC AND PRIVATE EMPLOYERS
Year Ended June 30, 2006**

<u>Approximate Number of Employees</u>	<u>Type of Business</u>
1000⁺ employees:	
Busch Gardens ⁽¹⁾	Theme Park
Williamsburg-James City County Public Schools	School System
Eastern State Hospital	Hospital
Anheuser-Busch, Inc.	Brewery
500-999 employees:	
Busch Properties, Inc.	Resort
James City County	Government
Wal-Mart Distribution Center	Warehouse & Distribution
250-499 employees:	
Williamsburg Plantation, Inc.	Time Share Resort
Jamestown-Yorktown Foundation	Educational Foundation
Williamsburg Landing	Retirement Facility

¹ Seasonal employer

Source: James City County Department of Economic Development.

The table presented below is a summary of recent County taxable retail sales.

TAXABLE RETAIL SALES

Fiscal Year	Taxable Retail Sales
1997	\$496,150,800
1998	567,112,700
1999	606,084,800
2000	644,192,700
2001	673,000,700
2002	660,603,800
2003	678,016,200
2004	679,508,600
2005	763,697,400
2006	832,202,200

Source: Treasurer, James City County

Tourism

The tourism industry contributes to the County's and Virginia's economy. The Williamsburg Convention and Tourism Bureau reports that visitors to the Greater Williamsburg area spent \$750 million in 2004. The Bureau reports that in 2004 more than 3.5 million people attended events and toured attractions in the Greater Williamsburg area. The current room inventory in the Greater Williamsburg area is approximately 10,000.

HOTEL ROOMS TAX RECEIPTS **Fiscal Year 1996 to Fiscal Year 2005**

Fiscal Year	Total Hotel Room Tax Receipts ^{1, 2}
1996	\$ 841,659
1997	912,124
1998	1,977,416
1999	2,096,239
2000	2,051,456
2001	2,020,861
2002	2,040,704
2003	1,915,364
2004	1,752,347
2005	2,480,944
2006	2,931,941 (unaudited)

¹ Effective October 1, 1996, the hotel room tax was increased from 2% to 4%. The additional 2% is required to be used for tourism.

Source: James City County Department of Financial Management Services.

² Effective August 1, 2004, an additional \$2 per room night is assessed and used for regional marketing

Health Care

Located in the City is Sentara Williamsburg Regional Medical Center, a comprehensive medical center with an Emergency Department, all private patient rooms, and an array of inpatient and outpatient services to support optimal health. The hospital's opening in August of 2006 included an expansion of cardiovascular services with a dedicated \$1.5 million cardiac catheterization lab and advanced imaging services that feature a \$1.3 million 32-slice Computed Tomography (CT) scanner. This 5-story, approximately 339,000 square foot facility adjoins the existing Geddy Outpatient Center via an enclosed connector on the first and second floors.

Other hospitals located in the area are Sentara Hampton General Hospital, Mary Immaculate Hospital, Newport News General Hospital, Riverside Rehabilitation Institute, Veteran's Administration Medical Center, McDonald Army Hospital, Langley Air Force Base Hospital, Riverside Psychiatric Institute and Eastern State Hospital. For specialized needs, such as acute care for children, serious trauma or burns, peninsula area citizens can go to Norfolk to the Children's Hospital of the King's Daughters, devoted exclusively to children, and Sentara Norfolk General Hospital, which features a Level I trauma center and Nightingale helicopter service. The Medical College of Virginia in Richmond is located just an hour drive northwest.

Education

The Williamsburg-James City County Public Schools Division (the "Public Schools") was formed in 1954 as a joint venture of the City and County to provide quality public education to the children within the two localities. Local financing for its operating and capital budgets is governed by a contract between the two localities.

The Public Schools are managed by a School Board consisting of seven members. There are five County members who are elected by County voters for four year terms. There are two City members of the School Board who are appointed for three year terms by the City Council.

The School Board has the power and responsibility to set policy and ensure that the Public Schools follow state and federal guidelines. The School Board appoints the superintendent; establishes goals and adopts policies which become the basis for instructional programs in accordance with state regulations and local needs; sets student policies; manages school facilities and identifies additional facility requirements; and maintains public relations.

Summarized in the following tables are selected items of information concerning the number and types of public education facilities, the total annual school membership (enrollment) and the percentage change.

PUBLIC EDUCATION FACILITIES

7 Elementary Schools
3 Middle Schools
2 High Schools

PUBLIC SCHOOLS STUDENT POPULATION

School Year	Number of Students	Percent Change
1996	7,400	2.24%
1997	7,675	3.72
1998	7,921	3.21
1999	8,155	2.95
2000	8,191	0.44
2001	8,407	2.64
2002	8,553	1.74
2003	8,959	4.75
2004	9,402	4.94
2005	9,820	4.45
2006	10,107	2.92

Source: Williamsburg-James City County Public Schools

Private and Parochial Schools. There are two kindergarten through 12 parochial schools in the area – one is in the County and one is in the City.

Colleges and Universities

There are several colleges and universities within a short distance of the County.

The College of William and Mary was founded in the City over three hundred years ago. Approximately 7,650 students attend to earn degrees in 38 bachelor's, 16 master's, and 9 doctoral programs. The College sponsors the Virginia Institute of Marine Science at Gloucester Point, Virginia, and it participates in the Southeastern Universities Research Association's support of the Jefferson Labs in Newport News. Jefferson Labs, which became fully operational in 1995, conducts state-of-the-art physics research.

Hampton University, located approximately 40 miles from the County in the City of Hampton, was founded in 1868 and has an enrollment of about 5,797 students. It offers 38 bachelor's degrees, 14 master's degrees and 4 doctoral or professional programs through its College of Continuing Education.

Christopher Newport University, located approximately 30 miles from the County in Newport News, has an enrollment of more than 4,715 students and offers baccalaureate degrees in 22 fields and master's degrees in three fields.

Thomas Nelson Community College ("TNCC"), located approximately 25 miles from the County in Newport News, has an enrollment of approximately 5,033 students. TNCC also has a satellite branch located in rented space in the County. In 2002, State voters approved general obligation bonds for higher education which provided TNCC \$17.7 million to construct a permanent campus for TNCC in the County. It offers 32 associates degrees plus 8 diploma and certificate programs. Students can transfer their credits to most four year universities with no loss of credits.

Also located on the peninsula are St. Leo College, the Peninsula Graduate Center of Engineering, George Washington University Satellite, Commonwealth College, Embry Riddle Aeronautical University, Florida Institute of Technology and Central Baptist Bible College.

Public Safety

Police Department. The Police Department is responsible for enforcing the law, preserving the peace, crime prevention services and animal control. The department has 77 sworn officers and annually responds to over 19,000 calls for service. The department has received certification from the Commission on Accreditation for Law Enforcement Agencies which rates agencies on over nine hundred different standards.

Fire. The Fire Department is responsible for providing fire protection, prevention and public information from five strategically located fire stations in the County. The department also provides emergency medical services and is responsible for implementation of disaster, emergency evacuation and radiological monitoring plans in the event of such an incident. It has a staff of 120 employees which is supplemented by 60 volunteer and auxiliary members.

Transportation

Interstate I-64 links the County with the Tidewater communities to the east and with Interstate 95 and the entire interstate corridor of the eastern seaboard to the west. The commercial and industrial areas in the County are within minutes of Interstate I-64 and within 45 minutes of Interstates I-95 and I-295. Approximately 55 trucking companies serve the region.

Three international airports, all within 45 minutes of the County, provide air transportation and cargo facilities -- Richmond International Airport to the west and Williamsburg/Newport News International and Norfolk International airports to the east. These airports handle over 400 international and domestic passenger flights and 20 all-cargo flights daily. Williamsburg-Jamestown airport serves as a regional general aviation airport for turbo-prop and corporate aircraft.

The CSX rail line that passes through the County provides rail service to the County and an Amtrak station in the City offers passenger rail service. Along with Interstate I-64, the rail line provides access to the Hampton Roads ports some 40 minutes to the east. Hampton Roads is the second largest commercial port area on the East Coast with access to 75 international shipping lines.

Water and Wastewater Services

The James City Service Authority (the "Service Authority") offers water and wastewater services in its service area, which includes approximately 73 square miles of the County. The members of the County's Board also serve as the members of the Service Authority's board of directors. The Service Authority's operating funds are self-supporting, and the Service Authority receives no share of any County tax levies. The Service Authority's board of directors has the sole power to set water and sewer utility rates.

The Service Authority's water system currently includes a central water system with 10 well facilities and 6 independent water production facilities. There are approximately 321 miles of water transmission and distribution lines throughout the entire system. In addition, the Service Authority purchases potable water from the City of Newport News pursuant to a Water Purchase Agreement between the Service Authority and the City of Newport News. The water system facilities supply approximately 4.8 million gallons of water per day to 17,500 water customers.

The Service Authority currently has groundwater permits for its central system to withdraw 7.0 million gallons per day to support the residential and commercial customers. With the current rate of growth, it is estimated that this amount of water will meet the County's needs through 2013. The Service Authority is pursuing separate initiatives to meet its long-term water demand by participating in a regional effort to supplement the groundwater with surface water and desalinated groundwater. The Service Authority placed into operation a ground desalination facility in April of 2005. The facility is designed to use reverse osmosis technology and will provide a capacity of five (5) million gallons of water per day.

The Service Authority's sewer system includes 71 pump stations with approximately 361 miles of sewer collection lines. The sewer system facilities collect and move approximately 4.4 million gallons of sewage per day for 18,500 sewer customers. The Service Authority has no sewage treatment facilities. Sewage treatment for areas served by the Service Authority, as well as for other Hampton Roads communities, is provided by the Hampton Roads Sanitation District.

FINANCIAL INFORMATION

Auditors

The firm of KPMG, LLP, Norfolk, Virginia performed the audit for the fiscal year ended June 30, 2005, and is performing the audit for the fiscal year ended on June 30, 2006, which will be final prior to closing. The audited combined financial statements and accompanying notes for the fiscal year ended June 30, 2005 are attached to this Official Statement as Appendix B.

Budgetary Process

The Code of Virginia requires the County Administrator to submit, for informative and fiscal planning purposes, a balanced, proposed operating budget to the Board at least 90 days before the beginning of each fiscal year, which commences July 1. Inclusion of any item in the proposed budget does not constitute an obligation or commitment on the part of the Board to appropriate funds for such item or purpose.

The budget includes a two-year financial plan for operations and a five-year plan for capital projects. Public hearings are conducted to obtain citizen comments. Prior to June 30, only the first year of the financial plan is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board; however, the County Administrator may amend the budget within functions. The School Board is authorized to transfer budgeted amounts within the Public Schools' categories. Supplemental appropriations may be made without amending the budget. Each department is required to review its performance versus budget on a monthly basis. In addition, a formal review of actual revenues and expenses versus budget is performed mid-year on a County-wide basis.

All County general fund appropriations lapse June 30.

Operating Budget

On May 9, 2006, the Board adopted a total budget for the fiscal year ending June 30, 2007. The adopted budget for fiscal year 2007 maintains some current programs at the prior service levels and increased or enhanced others. General governmental revenues for fiscal year 2007 are projected to increase by 16.9% over the 2006 adopted budget.

The following table shows the County's budgeted revenues and expenditures for fiscal year 2007.

REVENUES AND EXPENDITURES

	Fiscal Year 2007 Adopted	Percent of Fiscal Year 2007 Budget
REVENUES:		
General Property Taxes	\$95,436,553	61.6%
Other Local Taxes	21,355,000	13.8
Licenses, Permits and Fees	8,634,430	5.6
Fines and Forfeitures	320,000	0.2
Use of Money and Property	1,009,131	0.7
Revenue from the Commonwealth	24,429,622	15.8
Revenue from the Federal Government	5,868	0.0
Charges for Current Services	3,602,215	2.3
Miscellaneous Revenues	<u>102,100</u>	<u>0.1</u>
Total revenues	<u>\$154,894,919</u>	<u>100.00%</u>
EXPENDITURES:		
Current		
Administrative	\$1,178,893	0.8%
Elections	297,813	0.2
Human Resources	1,384,457	0.9
Financial Administration	3,954,400	2.6
General Services	5,845,947	3.8
Information Resources Management	1,959,046	1.3
Development Management	4,943,542	3.2
Judicial	2,153,037	1.4
Public Safety	19,384,692	12.5
Community Services	6,790,854	4.4
Outside Agencies	3,697,746	2.4
Nondepartmental	5,516,237	3.6
Capital Projects	8,338,790	5.4
WJCC Schools	78,921,026	51.0
Library and Arts Center	4,277,971	2.8
Other Regional Entities	2,275,461	1.5
Health Services	1,441,737	0.9
Transfer to Other Funds	<u>2,533,270</u>	<u>1.6</u>
Total expenditures	<u>\$154,894,919</u>	<u>100.00%</u>

Sources: James City County Department of Financial Management Services; Fiscal Year 2007 Adopted Budget

Accounting System

Governmental Funds - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the Commonwealth or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the Commonwealth or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt are recognized when due except for amounts due on July 1, which are accrued.

Proprietary Funds - The accrual basis of accounting is used for the Enterprise Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Fiduciary Funds - Expendable Trust Funds and Agency Funds utilize the modified accrual basis of accounting.

General Fund

The following table shows the County's governmental revenues by source and governmental expenditures by function for the last five fiscal years.

**GOVERNMENTAL REVENUES BY SOURCE AND
GOVERNMENTAL EXPENDITURES BY FUNCTION
FOR FISCAL YEAR ENDED JUNE 30**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:					
General property taxes	\$60,271,928	\$64,994,207	\$68,756,419	\$73,733,187	
Other local taxes	14,368,190	14,948,074	15,297,039	17,955,400	
Licenses, permits, fees	5,788,162	6,241,266	7,233,545	7,746,142	
Fines & forfeitures	203,714	240,353	288,221	301,204	
Use of money & property	1,216,951	880,626	563,216	849,860	
Charges for services	2,777,535	3,471,380	3,846,636	4,007,722	
Intergovernmental revenue	41,436,007	24,804,534	34,549,339	31,833,900	
Miscellaneous	<u>716,652</u>	<u>1,132,835</u>	<u>715,171</u>	<u>3,293,645</u>	
Total Revenues	<u>\$126,579,049</u>	<u>\$116,713,275</u>	<u>\$131,239,586</u>	<u>\$139,721,060</u>	
Expenditures:					
General administration	\$ 4,566,213	\$ 6,833,152	\$ 7,202,889	\$ 7,101,022	
Judicial administration	4,046,524	3,795,286	3,747,921	3,923,755	
Public safety	12,763,826	14,939,911	15,176,064	17,526,762	
Public works	3,190,367	3,437,085	3,341,281	4,218,631	
Health and welfare	5,372,821	5,814,844	6,161,651	6,314,548	
Education	58,873,941	49,505,679	52,556,412	55,459,098	
Parks, Recreation and cultural	6,998,086	7,667,379	7,886,872	8,338,914	
Community development	10,958,573	9,377,193	9,333,332	14,770,525	
Nondepartmental	831	1,105,541	720,813	997,581	
Capital Projects	9,765,828	9,619,982	13,469,974	12,611,144	
Debt service	9,573,068	13,355,138	9,300,903	10,686,133	
Storm Costs	<u> </u>	<u> </u>	<u>8,239,127</u>	<u>30,124</u>	
Total Expenditures	<u>\$126,110,078</u>	<u>\$125,451,190</u>	<u>\$137,137,239</u>	<u>\$141,978,237</u>	

Source: Comprehensive Annual Financial Reports of James City County

Property Taxes, Assessments and Collections

Real estate property taxes on residential and business land and buildings are based upon a tax rate per \$100 of assessed value, which is adopted by the Board during the budget process. The tax rate is then applied to the assessed value of individual property, as determined by the Real Estate Assessor during the annual assessment. The Commonwealth requires localities to assess real property at 100% of market value. The tax is due semiannually on June 5 and December 5. There is a 10% penalty for late payments, and interest at 10% is added.

Personal property taxes are assessed by the Commissioner of the Revenue on four major property categories - individual personal property, business personal property, mobile homes, and machinery and tools. The tax rates are adopted by the Board during the budget process and are currently set at \$4.00 per \$100 of assessed value for individual personal property, business personal property and machinery and tools and at \$.84 per \$100 for mobile homes. Individual and business vehicles are assessed at 100% of average loan value as determined by the National Automobile Dealers Association. Business equipment and machinery and tools are assessed at 25% of capitalized cost. Mobile homes are assessed at current market value as determined by the Virginia Mobile Home Appraisal Guide.

The following table sets forth the assessed value of all taxable property in the County for each of its ten most recent fiscal years.

HISTORICAL ASSESSED VALUE Fiscal Year 1996 to Fiscal Year 2005

Year	Real Property	Personal Property	Public Services	Total
1996	\$3,115,601,694	\$359,787,791	\$128,984,942	\$3,604,374,427
1997	3,443,111,310	391,877,787	132,276,794	3,967,265,891
1998	3,650,018,119	399,249,984	140,757,498	4,190,025,601
1999	3,901,523,500	422,071,919	140,747,498	4,464,342,917
2000	4,185,440,000	500,618,775	145,841,491	4,831,900,266
2001	4,585,882,700	583,751,601	150,801,630	5,320,435,931
2002	4,983,279,400	599,119,465	163,054,266	5,745,453,131
2003	5,457,560,000	602,841,268	165,415,976	6,225,817,244
2004	6,024,565,600	614,647,310	163,577,218	6,802,790,128
2005	6,781,199,400	639,376,935	154,833,875	7,575,410,210

Source: Real Estate Assessments and Commissioner of the Revenue, James City County

The following table shows the County's property tax rates for each of its ten most recent fiscal years.

PROPERTY TAX RATES ⁽¹⁾

Fiscal Year	Real Estate	Personal Property	Assessed % NADA Loan Value
1996	\$0.840	\$4.00	100%
1997	0.870	4.00	100
1998	0.870	4.00	100
1999	0.870	4.00	100
2000	0.870	4.00	100
2001	0.870	4.00	100
2002	0.870	4.00	100
2003	0.870	4.00	100
2004	0.860	4.00	100
2005	0.825	4.00	100
2006	0.785	4.00	100
2007	0.770	4.00	100

¹ Per \$100 of assessed value.

Source: James City County, Virginia, Comprehensive Annual Financial Report, Year Ended June 30, 2006 (unaudited)

The following table sets forth information concerning the County's general property tax collection rate for each of its ten most recent fiscal years.

GENERAL PROPERTY TAX COLLECTION RATE
Fiscal Year 1997 to Fiscal Year 2006

Fiscal Year	Total Tax Levy¹	Current Tax Collections^{1,2}	Percent of Levy Collections	Delinquent Tax Collections¹	Total Tax Collection	Total Tax Collections To Tax Levy
1997	\$41,352,732	\$40,582,157	98.14%	\$ 966,829	\$ 41,548,986	100.47%
1998	81,439,140	68,714,888	84.38	1,013,929	69,728,817	85.62
1999	50,734,620	48,930,720	96.44	2,506,269	51,436,989	101.38
2000	59,403,454	56,096,069	94.43	1,765,480	57,861,549	97.40
2001	64,782,011	61,581,853	95.06	1,913,905	63,495,758	98.01
2002	66,574,122	65,456,146	98.32	1,916,554	67,372,700	101.20
2003	72,770,254	71,037,857	97.62	2,563,632	73,601,489	101.14
2004	77,632,358	75,152,542	96.81	2,403,245	77,555,787	99.90
2005	82,556,220	79,820,882	96.69	2,366,403	82,187,285	99.55
2006						

¹ Exclusive of penalties and interest

² Includes funds received by County from Commonwealth pursuant to Personal Property Tax Relief Act

Source: Treasurer, James City County.

The following table sets forth the County's 12 largest taxpayers of *ad valorem* real property taxes. The aggregate assessed property taxes of the 12 largest taxpayers represents 13.10% of the County's total real property tax levy for fiscal year 2006.

12 LARGEST TAXPAYERS
(Fiscal Year 2006)

Name of Business	2006 Property Taxes Assessed	% of Country Total
Anheuser-Busch, Inc.	\$4,632,950	4.98%
Busch Entertainment Corp.	1,370,299	1.47
Wal-Mart, Inc.	980,477	1.05
Powhatan Plantation Owners Association	798,915	0.86
Busch Properties, Inc.	723,669	0.78
Ball Metal	613,747	0.66
Virginia Electric & Power Company	611,378	0.66
Williamsburg Landing, Inc.	555,316	0.60
Williamsburg Outlets, LLC	546,993	0.59
Manor Houses Association	486,331	0.52
Owens-Brockway	433,873	0.47
Williamsburg Plantation Owners Association	<u>431,702</u>	<u>0.46</u>
Total	<u>\$12,185,650</u>	<u>13.10%</u>

Source: Commissioner of the Revenue, James City County

Capital Improvements Program

As a part of the annual budgeting process, each year the County develops a Capital Improvements Program ("CIP") for the following five fiscal years. Only the first year of the CIP is actually appropriated. The remaining four years are included for planning purposes and are subject to revision in future years.

On May 9, 2006, the Board approved the CIP for fiscal years 2007 through 2011. The following table summarizes anticipated capital expenditures for the next five fiscal years.

SUMMARY OF ANTICIPATED CAPITAL EXPENDITURES
FOR FISCAL YEARS ENDING JUNE 30

Description	2007	2008	2009	2010	2011	TOTAL
Development Management	\$ 2,775,524	\$ 2,113,698	\$ 2,317,592	\$ 1,941,126	\$ 2,880,000	\$ 12,027,940
Parks and Recreation	1,024,976	2,479,618	2,525,406	1,410,000	1,705,000	9,145,000
General Services	666,161	0	0	2,400,000	9,300,000	12,366,161
Public Safety	1,614,648	1,655,000	11,502,240	2,085,000	2,000,000	18,856,888
School Projects	11,174,251	78,292,898	5,090,145	4,449,546	4,333,305	103,340,145
Other	<u>810,000</u>	<u>770,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>3,680,000</u>
Total Expenditures	<u>\$18,065,560</u>	<u>\$85,311,214</u>	<u>\$22,135,383</u>	<u>\$12,985,672</u>	<u>\$20,918,305</u>	<u>\$159,416,134</u>

Source: James City County Department of Financial and Management Services

The sources of funding for the capital improvement projects are shown in the following table:

Sources of Funds	2007	2008	2009	2010	2011	TOTAL
General Fund Contribution	\$ 8,338,790	\$ 7,186,210	\$ 8,715,383	\$ 9,365,672	\$ 9,998,305	\$ 43,604,360
General Fund Year End	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000	12,000,000
Proffer Revenue	500,000	500,000	500,000	500,000	500,000	2,500,000
Other Revenues	522,500	511,500	520,000	520,000	520,000	2,594,000
School Debt	6,704,270	74,913,504	0	0	0	81,617,774
Public Safety Building Debt	0	0	10,000,000	0	0	10,000,000
New Library Debt	0	0	0	0	7,100,000	7,100,000
Total	<u>\$18,065,560</u>	<u>\$85,311,214</u>	<u>\$22,135,383</u>	<u>\$12,985,672</u>	<u>\$20,918,305</u>	<u>\$159,416,134</u>

Source: James City County Department of Financial and Management Services

Outstanding Bonded Debt and Debt Service

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991 (Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended), a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the county is required to levy, if necessary, an annual *ad valorem* tax on all property in the county subject to local taxation. Although the amount of bonds issued by Virginia counties is not subject to statutory limitation, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes and sold to the Literary Fund, the Virginia Supplemental Retirement System or other state agencies prescribed by law, including the Virginia Public School Authority. The County's obligations under the Lease do not constitute general obligation debt under the Constitution of Virginia or the Public Finance Act of 1991.

Set forth below is a statement of long-term general obligation and major capital lease indebtedness of the County at June 30, 2006 and a schedule of debt service payments:

STATEMENT OF LONG-TERM DEBT

Total Long-Term Debt as of June 30, 2006	\$140,887,849
--	---------------

SCHEDULE OF GENERAL FUND LONG-TERM

DEBT SERVICE REQUIREMENTS

Fiscal Year	Outstanding Long-Term Obligations As of December _____, 2006			2006 General Obligation Bond Debt Service			2006 Lease Revenue Bonds Debt Service			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2007	\$8,702,830	\$6,165,150	\$14,867,980							
2008	8,459,384	5,820,278	14,279,662							
2009	8,578,062	5,472,635	14,050,697							
2010	9,267,027	5,114,152	14,381,179							
2011	8,568,162	4,723,014	13,291,176							
2012	8,440,417	4,380,232	12,820,649							
2013	8,515,867	4,013,856	12,529,723							
2014	8,621,300	3,616,968	12,238,268							
2015	9,012,400	3,208,027	12,220,427							
2016	9,070,400	2,802,316	11,872,716							
2017	6,471,000	2,439,180	8,910,180							
2018	6,803,000	2,100,663	8,903,663							
2019	5,538,000	1,789,061	7,327,061							
2020	4,440,000	1,505,934	5,945,934							
2021	3,065,000	1,331,656	4,396,656							
2022	3,185,000	1,197,681	4,382,681							
2023	3,330,000	1,048,078	4,378,078							
2024	3,485,000	890,421	4,375,421							
2025	3,645,000	724,828	4,369,828							
2026	3,815,000	550,700	4,365,700							
2027	2,295,000	404,063	2,699,063							
2028	2,410,000	286,438	2,696,438							
2029	2,530,000	170,844	2,700,844							
2030	2,640,000	57,750	2,697,750							
Total	\$140,887,849	\$59,813,923	\$200,701,772							

*Note: Unaudited

The following table shows the County's ratio of net general bonded debt to assessed value of property and net bonded debt per capita for the last ten fiscal years.

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA⁽¹⁾

Fiscal Year	Population	Assessed Value	Gross Bonded Debt⁽²⁾⁽³⁾	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt Per Capita
1997	44,019	\$3,967,265,891	\$86,562,168	\$9,042,174	\$77,519,994	1.95%	\$1,761
1998	45,998	4,190,025,601	82,453,641	8,845,164	73,608,477	1.76	1,600
1999	47,451	4,464,342,917	96,974,872	9,274,567	87,700,305	1.96	1,848
2000	47,445	4,831,900,266	93,514,706	9,562,069	83,952,637	1.74	1,769
2001	49,256 ⁽⁴⁾	5,320,435,931	88,685,429	9,791,477	78,893,952	1.48	1,602
2002	50,858	5,745,453,131	83,781,382	9,573,068	74,208,314	1.29	1,459
2003	52,303	6,225,817,244	80,537,541	9,686,080	70,851,461	1.14	1,355
2004	53,952	6,802,790,128	75,247,759	9,300,903	65,946,856	0.97	1,222
2005	56,463	7,575,410,210	109,465,708	10,686,133	98,719,575	1.30	1,749
2006							

¹ Source: Population figures were obtained from the Weldon Cooper Center for Public Service at the University of Virginia and James City County Planning Department; all other figures are from the James City County Comprehensive Annual Financial Report for June 30, 2005

² Includes all long-term general obligation bonded debt, bond anticipation notes and Literary Fund loans

³ Includes general obligation debt payable from enterprise revenues

⁴ The population estimate formula was revised in 2000 to reflect information from the 2000 census.

Other Indebtedness and Obligations

The County has no overlapping debt. It entered into a \$14,500,000 capital lease obligation to finance an 800 MHz radio system. The Williamsburg-James City County School Board, which is a component unit of the County according to the Government Accounting Standards Board, had no outstanding capitalized leases as of June 30, 2006.

The County is one of four localities that is a member of the Virginia Peninsula Regional Jail Authority. That Authority has issued its \$21,655,000 Regional Jail Facility Revenue Refunding Bonds, Series 2003. The County has a moral, but not legally binding, obligation (subject to appropriation by the Board) to pay 42% of any shortfall if such Authority is unable to pay debt service on such bonds or to fund the debt service reserve for such bonds. The County does not anticipate that it will be requested to make any such moral obligation payments.

The County closed its landfill in 1994. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 10 to 30 years after closure. The County's financial statements for the fiscal year ended June 30, 2006 (unaudited) show \$553,898 as landfill postclosure liability, which represents the liability estimated to monitor the landfill for an average monitoring period of 20 years. See note 11 of the County's audited financial statements in Appendix B for a more complete description of the County's landfill closure and postclosure care cost.

Retirement Systems

The County, the James City Service Authority and the Williamsburg-James City County Public Schools contribute to the Virginia Retirement System ("VRS"), an agent multiple-employer defined benefit pension plan.

All full-time, salaried permanent employees of the County, the Service Authority and the Public Schools must participate in the VRS. Plan members are required to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employers. In addition, the County, the Service Authority and

the Public Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. The employer contribution rates for the fiscal year ended June 30, 2006 were 12.5%, 6.5% and ____% of annual covered payroll for the County, the Service Authority and the Public Schools, respectively, resulting in contributions of \$3,779,383, \$213,038 and \$_____, respectively.

See note 12 of the County's audited financial statements in Appendix B for a more complete description of the County's defined pension benefit obligation.

Post-Employment Benefits Other Than Pensions

The Governmental Accounting Standards Board (GASB) has adopted a new Statement #45 entitled "Accounting and Financial Reporting by Employers for Post-Retirement Benefits other than Pensions" that requires localities to recognize the post-retirement benefits other than pensions (such as healthcare and related costs) that localities have agreed to provide their retired employees. The County will be required to implement GASB Statement #45 and incorporate such information into its financial statements beginning in fiscal year 20___. Decisions made by the Board of Supervisors in the future could change the amount of the Unfunded Actuarial Accrued Liability at the time statement implementation is required.

Published Financial Information

The County issues and distributes a Comprehensive Annual Financial Report on its financial operations for each fiscal year. The report covers the fiscal year ending the prior June 30. In addition to the Comprehensive Annual Financial Report, the County also annually publishes an Adopted Budget and a five-year Capital Improvements Program. Copies of the Comprehensive Annual Financial Report, Adopted Budget and Capital Improvements Program are available to the public upon request from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** dated as of December 1, 2006 (the "Disclosure Certificate"), is executed and delivered by the County of James City, Virginia (the "County"), in connection with the issuance by the Economic Development Authority of James City County, Virginia (the "Authority") of its \$_____ Lease Revenue Bonds (Public Facility Projects) Series 2006 (the "2006 Bonds"). The County hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the 2006 Bonds (the "Bondholders") and in order to assist the purchasers of the 2006 Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") by providing certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure").

Section 2. Annual Disclosure.

(a) The County shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the County, prepared in accordance with generally accepted accounting principles; and

(ii) certain financial and operating data with respect to the County of the type described in Appendix A of the Authority's Official Statement dated December __, 2006, under the tables entitled: "GOVERNMENTAL REVENUES BY SOURCE AND GOVERNMENTAL EXPENDITURES BY FUNCTION," "HISTORICAL ASSESSED VALUE," "PROPERTY TAX RATES," "GENERAL PROPERTY TAX COLLECTION RATE," and "RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA."

If the financial statements filed pursuant to Section 2(a) are not audited, the County shall file such statements as audited when available.

(b) The County shall provide annually the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") within 270 days after the end of the County's fiscal year, commencing with the County's fiscal year ending June 30, 2006, to each nationally recognized municipal securities information repository ("NRMSIR"), and to the appropriate state information depository, if any then exists ("SID").

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the SID or filed with the SEC; *provided*, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the "MSRB").

(d) The County shall provide in a timely manner to each NRMSIR or the MSRB and to the SID notice specifying any failure of the County to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The County shall provide in a timely manner to each NRMSIR or the MSRB and to the SID notice of the occurrence of any of the following events with respect to the 2006 Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the 2006 Bonds;
- (g) modifications to rights of Bondholders;
- (h) bond calls;
- (i) defeasance of all or any portion of the 2006 Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2006 Bonds; and
- (k) rating changes.

Section 4. Termination. The obligations of the County will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the 2006 Bonds.

Section 5. Amendment. The County may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Certificate as so modified complies with the Rule as it exists at the time of modification. The County shall within a reasonable time thereafter send to each NRMSIR and the SID a description of such modification(s).

Section 6. Defaults.

(a) If the County fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Certificate, any holder (within the meaning of the Rule) of 2006 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the County to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Certificate (i) shall not be deemed to constitute an event of default under the 2006 Bonds or the Indenture, as defined in the 2006 Bonds, and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Additional Disclosure; Alternate Filing Location. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County shall not incur any obligation to continue to provide, or to update, such additional information or data.

Any filing under this Disclosure Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 8. Counterparts. This Disclosure Certificate may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9. Governing Law. This Disclosure Certificate shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

COUNTY OF JAMES CITY, VIRGINIA

By _____

Name: Sanford B. Wanner

Title: County Administrator

101-C Mounts Bay Road

P. O. Box 8784

Williamsburg, Virginia 23187

Telephone: (757) 253-6607

Facsimile: (757) 253-6833

APPENDIX D

**PROPOSED FORM OF OPINION OF
TROUTMAN SANDERS LLP,
AS BOND COUNSEL**

TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W
TROUTMAN SANDERS BUILDING

1001 HAXALL POINT
RICHMOND, VIRGINIA 23219
www.troutmansanders.com
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MAILING ADDRESS
P.O. BOX 1122
RICHMOND, VIRGINIA 23218-1122

December __, 2006

Economic Development Authority of
James City County, Virginia
101-C Mounts Bay Road
Williamsburg, Virginia 23185

U.S. Bank National Association, as Trustee
919 East Main Street
Richmond, Virginia 23219

§ _____
Economic Development Authority of James City County, Virginia
Lease Revenue Bonds
(Public Facility Projects)
Series 2006

We have served as bond counsel in connection with the issuance by the Economic Development Authority of James City County (the "Authority") of its \$ _____ Lease Revenue Bonds (Public Facility Projects), Series 2006 (the "Bonds") pursuant to the Indenture of Trust relating to the Bonds, dated as of December 1, 2006 (the "Indenture"), between the Authority and U.S. Bank National Association, as Trustee (the "Trustee").

In connection with our opinion, we have examined the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), and certified copies of proceedings and other papers relating to the issuance and sale by the Authority of the Bonds, including a resolution adopted by the Authority on November 16, 2006, approving the issuance of the Bonds (the "Bond Resolution"). We have also examined the Basic Documents as defined in the Indenture (the "Documents").

We refer you to the Bonds and the Documents for a description of the terms of the Bonds, the purposes for which the Bonds are issued and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of, and assumed compliance with, covenants by the Authority and James City County, Virginia (the "County") contained in the Documents, certificates of public officials furnished to us, and certificates of representatives of the Authority and the County, including representations, covenants and certifications as to the use of the proceeds from the sale of the Bonds, compliance with the arbitrage reporting and rebate

December __, 2006
Page 2

requirements, the ownership and use by governmental units of the projects financed with the Bonds and other factual matters which are relevant to the opinion expressed in paragraph 6 below, in each case without undertaking any independent verification. We have no reason to believe that such representations and certifications are incomplete or incorrect.

Based on the foregoing, we are of the opinion, as of the date hereof, that:

1. The Authority is a political subdivision of the Commonwealth of Virginia and is duly organized and validly existing under the Act.
2. The Authority has all requisite authority and power under the Act to adopt the Bond Resolution, to enter into and perform its obligations under the Documents and the Bonds, and to issue the Bonds.
3. The Bonds have been duly authorized and issued in accordance with the Act and the Indenture and, subject to paragraph 5 below, constitute valid, binding and enforceable limited obligations of the Authority, payable as to principal, premium, if any, and interest solely from the Basic Rent and other funds pledged under the Documents. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the County and the Authority, is obligated to pay the principal of the Bonds, the premium, if any, or interest thereon or other costs incident thereto except from the revenues and receipts pledged therefor.
4. The Documents have been duly authorized, executed and delivered by the Authority and, subject to paragraph 5 below, constitute valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms. The Bond Resolution has been duly adopted by the Authority and is in full force and effect in the form adopted.
5. The obligations of the Authority under the Bonds and under the Documents are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions of such documents may be unenforceable pursuant to court decisions invalidating such indemnity provisions on grounds of applicable securities laws or public policy.
6. Under existing law, interest, including accrued original issue discount ("OID"), on the Bonds is not included in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that such interest will be included in computing an adjustment used in determining the alternative minimum tax on certain corporations (as defined for federal income tax purposes). The opinions set forth in this paragraph are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest, including accrued OID, thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest, including accrued OID, on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

December __, 2006

Page 3

In the case of Bonds maturing on June 15 in the years ____ through ____ (collectively, the "OID Bonds"), the difference between (a) the stated principal amount of each maturity of the OID Bonds and (b) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of OID Bonds is sold will constitute OID; OID will accrue for federal income tax purposes on a constant yield-to-maturity method; and a holder's basis in such OID Bond will be increased by the amount of OID treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond. The adjusted basis will be used to determine taxable gain or loss upon disposition (including redemption or payment at maturity).

We express no opinion regarding other collateral federal tax consequences arising with respect to the Bonds.

7. Under existing law, interest, including accrued OID, on the Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof.

Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such legal proceedings and documents as we deem necessary to make the statements herein contained and to approve the validity of the Bonds and the tax-exempt status of the interest thereon. We have not examined any documents or other information concerning the business, operations or financial condition of the County, and, therefore, we express no opinion as to the accuracy or completeness of any such information that may have been relied upon by the owners of the Bonds in making their decision to purchase such Bonds.

Very truly yours,

APPENDIX E

NOTICE OF BOND SALE [TO COME]

1548661v3

NEW ISSUE
Book-Entry Only

Ratings: Moody's: _____
S&P: _____
Fitch: _____

(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Bond Counsel, under existing law and subject to conditions described in the section herein "TAX EXEMPTION," interest on the 2006 Bonds (a) will be excludable from gross income for federal income tax purposes, (b) will not be an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations and (c) will be exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof. Such interest may be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and a holder may be subject to other federal tax consequences as described in the section herein "TAX EXEMPTION."

\$106,000,000*

**Economic Development Authority of James City County, Virginia
Lease Revenue Bonds (Public Facility Projects)
Series 2006**

Dated: December __, 2006*

Interest Payable: December 15 and June 15

Due: June 15, as shown on inside cover

First Interest Payment: June 15, 2007

This Official Statement has been prepared by the Economic Development Authority of James City County, Virginia (the "Authority") to provide information on the 2006 Bonds, the security therefor, James City County, Virginia (the "County"), the Williamsburg-James City County School Board (the "School Board"), the purposes for which the 2006 Bonds are being issued and other relevant information. Selected information is presented on this cover page and on the inside cover page for the convenience of the user. To make an informed decision regarding the 2006 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The 2006 Bonds will be limited obligations of the Authority payable primarily from certain rental payments to be made by the School Board pursuant to the Lease, as defined herein. The obligation of the School Board to make rental payments under the Lease will be subject to annual appropriation by the School Board and the County's Board of Supervisors (the "Board"), and the School Board and the Board will not be under any legal obligation to make such appropriations. The 2006 Bonds and the interest on them shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the County. The 2006 Bonds will be secured by a Leasehold Deed of Trust, as defined herein, on the Matoaka Project, as defined herein, and, at a future date, on the second new elementary school and on the new middle school. See the section herein "SECURITY FOR THE 2006 BONDS." [see p. 5]
Redemption	See the inside cover page and the section herein "THE 2006 BONDS -- Redemption." [see p. 3]
Issued Pursuant to	An Indenture of Trust dated as of December 1, 2006 (the "Indenture") between the Authority and U.S. Bank National Association, as trustee (the "Trustee").
Purpose	The proceeds of the 2006 Bonds will be used to finance a portion of the cost of the (i) construction and equipping of a new elementary school called Matoaka Elementary School (the "Matoaka Project") and a second new unnamed elementary school, as well as one new unnamed middle school and (ii) renovation of the Stonehouse Elementary School (together, the "Project"). See the sections herein "INTRODUCTION" and "SOURCES AND USES OF FUNDS." [see pp. 1 and 11]
Interest Rates/Yields	See the inside cover page.
Interest Payment Dates	December 15 and June 15, beginning June 15, 2007.
Denomination	\$5,000 and integral multiples thereof.
Closing/Delivery Date	On or about December __, 2006.*
Registration	The 2006 Bonds will be issued as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the 2006 Bonds. So long as Cede & Co. is registered owner of the 2006 Bonds, as the nominee for DTC (a) references herein to the Bondholder or registered owner shall mean Cede & Co. and (b) principal, premium and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal, premium and interest to the DTC participants for subsequent disbursements to the beneficial owners of the 2006 Bonds. Individual purchases of beneficial ownership interests in the 2006 Bonds will be made in book-entry form only. (See "THE 2006 BONDS -- Book-Entry Only System"). [see p. 4]

County Attorney Leo P. Rogers, Esquire

Bond Counsel Troutman Sanders LLP

Dated: December __, 2006*

Dated: December __, 2006*

* Preliminary, subject to change

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

\$106,000,000*

Lease Revenue Bonds (Public Facility Projects), Series 2006

Dated: December __, 2006*

Due: June 15, as shown below

**MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS
AND CUSIP NUMBERS**

<u>Maturity*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2007	\$	%	%	47029XA
2008				47029XA
2009				47029XA
2010				47029XA
2011				47029XA
2012				47029XA
2013				47029XA
2014				47029XA
2015				47029XA
2016				47029XA
2017				47029XA
2018				47029XA
2019				47029XA
2020				47029XA
2021				47029XA
2022				47029XA
2023				47029XA
2024				47029XA
2025				47029XA
2026				47029XA

Optional Redemption

The 2006 Bonds maturing on or after June 15, 2017, will be subject to redemption prior to maturity on and after June 15, 2016, in whole or in part at any time, at the redemption prices stated herein. See the section herein **"THE 2006 BONDS -- Redemption."**

**Extraordinary Optional Redemption
Upon the Occurrence of Certain
Events**

The 2006 Bonds are subject to redemption in whole or in part at any time at the option of the Authority at the direction of the School Board (acting at the direction of the County), upon the occurrence of certain extraordinary events, such as damage to or condemnation of a portion of the Project, at the redemption prices stated herein. See the section herein **"THE 2006 BONDS -- Redemption."**

* Preliminary, subject to change

COUNTY OF JAMES CITY, VIRGINIA

101-C Mounts Bay Road (23185)
Post Office Box 8784
Williamsburg, Virginia 23187-8784
(757) 253-6604

BOARD OF SUPERVISORS

Bruce C. Goodson, Chairman
John J. McGlennon, Vice Chairman
Jay T. Harrison, Sr.
M. Anderson Bradshaw
James C. Icenhour, Jr.

CERTAIN APPOINTED OFFICIALS

Sanford B. Wanner, County Administrator
William C. Porter, Jr., Assistant County Administrator
Leo P. Rogers, County Attorney
Keith A. Taylor, Director of Economic Development
John E. McDonald, Manager of Financial and
Management Services

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

Virginia B. Hartmann, Chairman
Mark G. Rinaldi, Vice Chairman
Vincent A. Campana, Jr.
Brien R. Craft
Marshall N. Warner
Thomas G. Tingle

INDEPENDENT AUDITOR FOR FISCAL YEAR ENDED JUNE 30, 2005

KPMG LLP
Certified Public Accountants
2100 Dominion Tower
Waterside Drive
Norfolk, VA 23510

FINANCIAL ADVISOR

Davenport & Company LLC
One James Center
901 East Cary Street, 14th Floor
Richmond, Virginia 23219

BOND COUNSEL

Troutman Sanders LLP
Riverside on the James
1001 Haxall Point
Richmond, Virginia 23219

No dealer, broker, salesman or other person has been authorized by the Authority, the School Board or the County to give any information or to make any representations other than as contained in this Official Statement in connection with the offering of the 2006 Bonds and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the 2006 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Authority, the School Board or the County and the purchasers or owners of any of the 2006 Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the School Board or the County since the date hereof. Any statement in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as **representations of fact. No representation is made that any such opinion or estimate will be realized.** The information set forth in this Official Statement has been obtained from the Authority, the School Board, the County and other sources that are believed to be reliable, but as to information from other sources, is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Authority, the School Board or the County.

The 2006 Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The registration or qualification of the 2006 Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the 2006 Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. **NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAS PASSED UPON THE MERITS OF THE 2006 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**



James City County

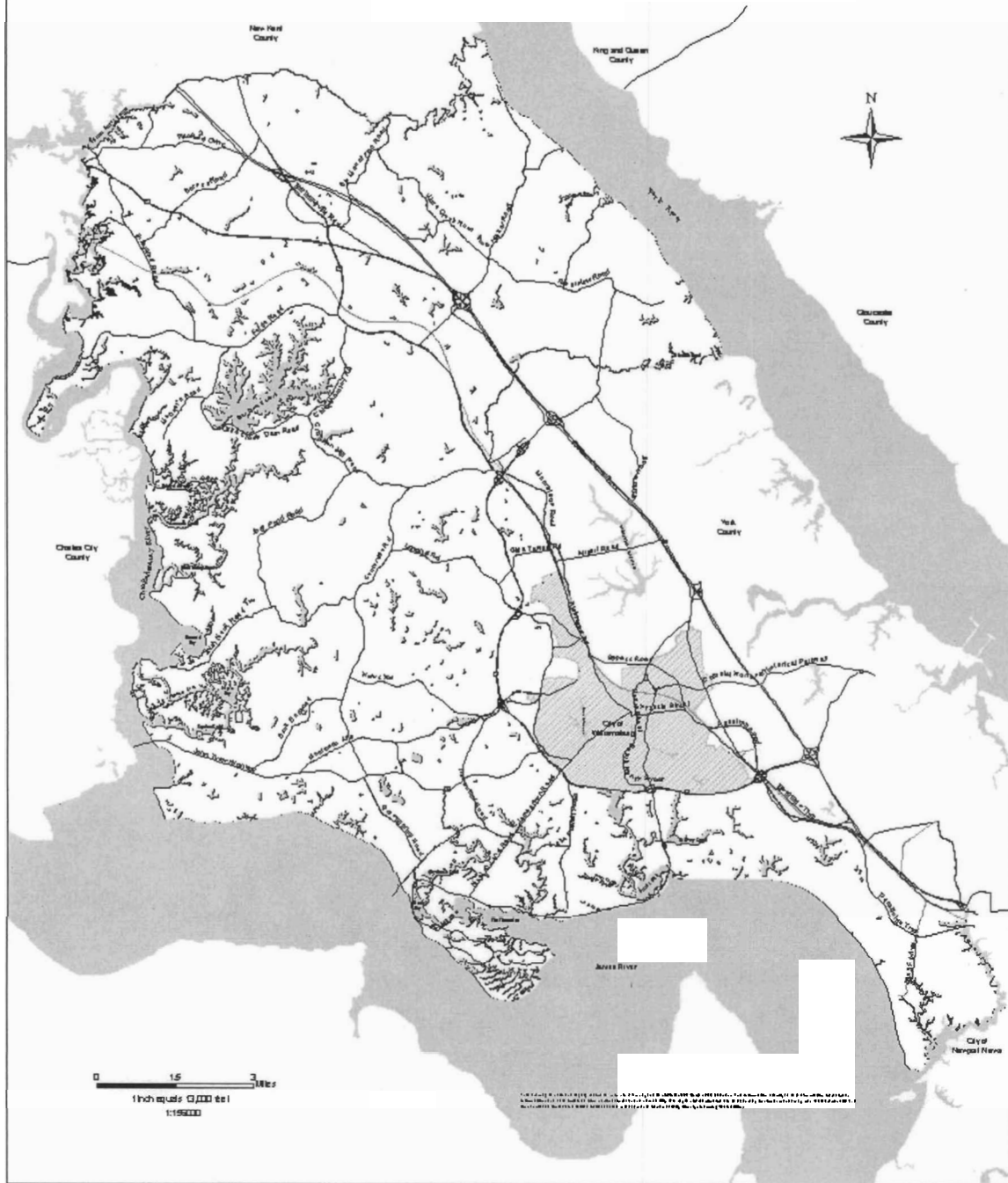


TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	
The County	
Delivery	
Additional Information; Applicable Documents	
THE 2006 BONDS	
General Description	
Redemption	
Book-Entry Only System	
SECURITY FOR THE 2006 BONDS	
Additional Bonds; Trust Estate	
The Ground Lease and the Lease	
The Indenture	
Leasehold Deed of Trust	
Assignment of Rents and Leases	
Debt Service Reserve Fund	
Bondholders Remedies in the Event of Default	
INVESTMENT CONSIDERATIONS	
Limited Source of Payments	
Nonappropriation, Default and Remedies	
Taxation of Payments on the Bonds	
Limitations on Enforceability of Remedies	
SOURCES AND USES OF FUNDS	
DEBT SERVICE REQUIREMENTS FOR THE 2006 BONDS	
THE AUTHORITY	
APPROVAL OF LEGAL PROCEEDINGS	
TAX EXEMPTION	
Opinion of Bond Counsel	
Original Issue Discount	
Original Issue Premium	
Other Tax Matters	
LITIGATION	
The Authority	
The County	
MISCELLANEOUS	
Ratings	
Financial Advisor	
Competitive Sale	
Certificates of Authority and County Officials	
Continuing Disclosure	
Relationship of Parties	
Summaries and Descriptions	

APPENDIX A: COUNTY OF JAMES CITY, VIRGINIA

APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D: PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E: NOTICE OF BOND SALE

OFFICIAL STATEMENT

\$106,000,000*

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA LEASE REVENUE BONDS (PUBLIC FACILITY PROJECTS) SERIES 2006

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover pages and the Appendices, is to furnish information in connection with the sale by the Economic Development Authority of James City County, Virginia (the "Authority"), of its \$106,000,000* Lease Revenue Bonds (Public Facility Projects), Series 2006 (the "2006 Bonds"), dated December __, 2006*. The 2006 Bonds are being issued to provide funds to (i) (a) construct and equip a new elementary school called Matoaka Elementary School (the "Matoaka Project") and a second new unnamed elementary school, as well as one new unnamed middle school, and (b) renovate Stonehouse Elementary School (all of the foregoing in clauses (i)(a) and (b) being referred to herein collectively as the "Project"), (ii) fund a Debt Service Reserve Fund in the amount of \$_____, which is the initial Reserve Requirement, as described in the section "**SECURITY FOR THE 2006 BONDS – Debt Service Reserve Fund**" and (iii) pay the costs of issuing the 2006 Bonds. The 2006 Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006, between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"), and the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"). The Project will be leased by the Authority to the Williamsburg-James City County School Board (the "School Board") pursuant to a Lease Agreement, dated as of December 1, 2006 (the "Lease"), between the Authority and the School Board. The Matoaka Project will be subject to a Leasehold Deed of Trust, dated as of December 1, 2006 (the "Leasehold Deed of Trust"), from the Authority to the deed of trust trustees thereunder for the benefit of the Trustee, and, a future date, the other new elementary school and the new middle school will also become subject to the Leasehold Deed of Trust.

The Bonds (as defined herein) will be limited obligations of the Authority, payable primarily from certain rental payments to be made by the School Board pursuant to the Lease. **The obligation of the School Board to make rental payments under the Lease will be subject to annual appropriations by the School Board, which funds are, in turn, subject to annual appropriations by the Board of Supervisors of James City County, Virginia (the "Board"), and neither the School Board nor the Board will be under any legal obligation to make such appropriations.**

The Bonds and the interest on them shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any of its political subdivisions, including the Authority and the County. Neither the Commonwealth nor any of its political subdivisions, including the Authority and the County, shall be obligated to pay the principal of, premium, if any, and interest on the Bonds or other costs incident to them except from the revenues and receipts pledged for such purpose. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions, including the Authority and the County, is pledged to the payment of the principal of, premium, if any, and interest on the Bonds or other costs incident to them. The Authority has no taxing power.

The County

The County is located in the southeastern portion of Virginia, approximately equidistant between Richmond and Norfolk. It has a total area of 175 square miles. The County is rich in history and lies at the heart of the Historic Triangle, which includes Jamestown, site of the first permanent English-speaking settlement in 1607; Williamsburg, the restored colonial capital of Virginia between 1699-1780; and Yorktown, the final battlefield in the

* Preliminary, subject to change.

American war for independence in 1781. Additional information regarding the County is provided in Appendix A to this Official Statement, entitled **“COUNTY OF JAMES CITY, VIRGINIA.”** The audited financial statements for the County for the fiscal year ended June 30, 2005 are provided in Appendix B to this Official Statement.

Delivery

The 2006 Bonds are offered for delivery, when, as and if issued, subject to the approval of validity by Troutman Sanders LLP, Richmond, Virginia, Bond Counsel, and to certain other conditions referred to herein. Certain legal matters will be passed upon for the County by the County Attorney, Leo P. Rogers, Esquire. It is expected that the 2006 Bonds will be available for delivery, at the expense of the County, in New York, New York, through the facilities of DTC, on or about December __, 2006.

Additional Information; Applicable Documents

Any question concerning the content of this Official Statement should be directed to the County, c/o Sanford B. Wanner, County Administrator, 101-C Mounts Bay Road, Williamsburg, Virginia 23185, (757) 253-6604, or to the County’s Financial Advisor, Davenport & Company LLC, 901 East Cary Street, 11th Floor, Richmond, Virginia 23219, (804) 697-2900. This information herein speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the County. Certain real estate and the improvements thereon will be leased by the School Board to the Authority pursuant to a Ground Lease, dated as of December 1, 2006 (the “Ground Lease”), between the School Board and the Authority. The County, as the agent of the Authority and the School Board, will use the proceeds from the 2006 Bonds to construct, renovate and develop the Project. Such real estate, the improvements thereon and the Project will be leased by the Authority to the School Board pursuant to the Lease. Pursuant to an Assignment of Rents and Leases, dated as of December 1, 2006 (the “Assignment”), the Authority will assign to the Trustee substantially all of the rights of the Authority under the Ground Lease and the Lease. Additional information regarding such documents is provided in the section below **“SECURITY FOR THE 2006 BONDS.”** Together, the Indenture, the Ground Lease, the Lease and the Assignment are referred to herein as the “Basic Documents.” The County approved the use of the Basic Documents by a resolution adopted by the Board on November 14, 2006. The Authority approved the issuance of the 2006 Bonds and the use of the Basic Documents to which it is a party by a resolution adopted by the Authority on November 16, 2006. The School Board approved the use of the Basic Documents by a resolution adopted by the School Board on November 14, 2006.

THE 2006 BONDS

General Description

The 2006 Bonds consist of the Authority’s \$106,000,000* Lease Revenue Bonds (Public Facility Projects) Series 2006, dated December __, 2006*, with principal payments on June 15 in the years and amounts shown on the inside cover page of this Official Statement. Interest on the 2006 Bonds will be payable on each December 15 and June 15 commencing on June 15, 2007 (each, an “Interest Payment Date”), until the earlier of maturity or redemption, at the rates per year shown on the inside cover page of this Official Statement. Interest will be calculated upon the basis of a 360-day year with twelve 30-day months. The 2006 Bonds are subject to redemption prior to maturity, as summarized below in **“– Redemption.”**

The 2006 Bonds will be issued in authorized denominations of \$5,000 and multiples thereof and will be held on behalf of The Depository Trust Company, New York, New York (“DTC”), or its nominee, as securities depository. As long as the 2006 Bonds are held on behalf of DTC or its nominee, principal, premium, if any, and interest will be paid to Cede & Co., as nominee of DTC, on each maturity date, redemption date or Interest Payment Date, as applicable. Purchases of beneficial ownership interests in the 2006 Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of bond certificates. See the section below **“— Book-Entry Only System.”**

Principal of, premium, if any, and interest on the 2006 Bonds are payable in lawful money of the United States of America. In case the date fixed for the payment of principal of, interest on or the redemption price of the 2006 Bonds is not a business day at the place where the designated corporate trust office of the Trustee is located, then payment of the principal, premium, if any, and interest need not be made on such day, but may be made on the

* Preliminary, subject to change

next succeeding business day, and if made on such next succeeding business day, no additional interest shall accrue for the period after such date of payment or redemption.

Additional information regarding the 2006 Bonds is provided under the headings “**SECURITY FOR THE 2006 BONDS**” and “**MISCELLANEOUS.**”

As long as the 2006 Bonds are held on behalf of DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, on each Interest Payment Date. If the book-entry system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners, as defined below, will become registered owners of the 2006 Bonds (“Bondholders”). Interest on the 2006 Bonds shall be payable on each Interest Payment Date by check or draft mailed by the Trustee to the registered owner at his address as it appears on the first day (whether or not a business day) of the month of each Interest Payment Date. Principal of and premium, if any, on the 2006 Bonds is payable upon presentation of the 2006 Bonds at the designated corporate trust office of the Trustee.

Redemption

Extraordinary Redemption. The 2006 Bonds are required to be redeemed prior to maturity, in whole or in part at any time, upon payment of a redemption price of 100% of the principal amount thereof to be redeemed plus interest accrued to the redemption date, from and only to the extent of funds on deposit with the Trustee and available for such purpose, in the event the School Board, at the direction of the County, elects not to use proceeds from any insurance recovery or condemnation award to restore the Project or any integral portion thereof under circumstances involving (A) loss of title to all or any integral portion of the Project, (B) condemnation of all or any integral portion of the Project or sale in lieu thereof, or (C) damage to all or any integral portion of the Project resulting from fire or other casualty loss.

Unless provided to the contrary in the related supplemental indenture, in the event Additional Bonds (as defined herein) are issued under the Indenture and if a partial redemption pursuant to the extraordinary redemption provision occurs, each series of Bonds shall be redeemed ratably (being mindful of any authorized denominations), and within each series of Bonds, the maturities and principal amounts within such maturities of the Bonds to be redeemed shall correspond to the latest maturities of the principal components of Basic Rent, as defined herein (with respect to each series of Bonds, as applicable) being prepaid with such net proceeds.

Optional Redemption. The 2006 Bonds maturing on or after June 15, 2017, are subject to redemption by the Authority at the direction of the School Board (acting at the direction of the County) on or after June 15, 2016 in whole or in part at any time, in any integral multiple of 5,000, upon payment of one hundred percent of the principal amount of the 2006 Bonds to be redeemed plus interest accrued and unpaid to the redemption date.

Manner of Redemption. If less than all of the 2006 Bonds are called for optional redemption, the maturities of the 2006 Bonds to be redeemed shall be selected by the School Board (acting at the direction of the County) either (a) in inverse order of maturity or (b) proportionately among all maturities and mandatory sinking fund redemption requirements such that the reductions in total annual debt service of the 2006 Bonds is reduced ratably. If less than all the 2006 Bonds of any maturity are called for redemption, the 2006 Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. If a portion of a 2006 Bond shall be called for redemption, a new 2006 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon surrender thereof. Interest shall cease to accrue on any 2006 Bonds duly called for redemption, on the redemption date, if payment thereof has been duly provided. During the period that DTC or the DTC nominee is the registered holder of the 2006 Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners of the 2006 Bonds. See the section below “-- **Book-Entry Only System.**”

If the 2006 Bonds are called for redemption, the Trustee is required to send to the registered owner of each 2006 Bond to be redeemed written notice of the call for redemption not less than 30 nor more 60 days prior to the redemption date, at such owner’s address as it appears on the registration books. Failure to mail the notice or any defect in any such notice will not affect the validity of any proceedings for the redemption of any 2006 Bonds with respect to which no such failure or defect has occurred. A notice of optional redemption or extraordinary redemption may be conditioned upon the occurrence of future events, including the availability of funds to effect the

redemption on the redemption date. If such conditions are not satisfied, the School Board (acting at the direction of the County) may rescind the redemption.

Book-Entry Only System

Upon initial issuance, the 2006 Bonds will be available only in book-entry form. DTC will act as securities depository for the 2006 Bonds and the ownership of one fully-registered bond for each maturity of 2006 Bonds in the principal amount of such maturity and will be registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC, and deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, DTC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2006 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2006 Bonds, except in the event that use of the book-entry system for the 2006 Bonds is discontinued.

To facilitate subsequent transfers, all 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2006 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2006 Bonds, such as redemptions, defaults, and proposed amendments to the Indenture, the Lease or the other Basic Documents. For example, Beneficial Owners of 2006 Bonds may wish to

ascertain that the nominee holding the 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2006 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2006 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2006 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2006 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2006 Bond certificates will be printed and delivered.

The information contained herein concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the School Board and the County believe to be reliable, but the Authority, the School Board and the County take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the 2006 Bonds, as nominee of DTC, references in this Official Statement to the Holders or Owners of the 2006 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the 2006 Bonds for all purposes under the Indenture.

The Authority may enter into amendments to its agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the 2006 Bonds, without the consent of Beneficial Owners or Bondholders.

SECURITY FOR THE 2006 BONDS

Additional Bonds; Trust Estate

Pursuant to the Indenture, there may be issued one or more series of additional bonds (the "Additional Bonds") to (a) complete the Project, (b) expand the Project or (c) prepay, redeem or defease the 2006 Bonds or any other Additional Bonds issued under the Indenture. Together, the 2006 Bonds and any such Additional Bonds are referred to herein as the "Bonds." Each such series of Additional Bonds will be issued pursuant to supplements to the Indenture and to the Lease and will be equally and ratably secured under the Indenture with the 2006 Bonds and any other Additional Bonds, without preference, priority or distinction of any Bonds over any other Bonds; *provided*, that a municipal bond insurance policy issued for one series of Bonds will not secure another series; and *provided further*, that a series of Additional Bonds will be secured by the Debt Service Reserve Fund created under the Indenture (the "Debt Service Reserve Fund") only if the related supplemental indenture so provides and an

amount equal to the Reserve Requirement (as defined below) is on deposit in the Debt Service Reserve Fund on the date of the issuance of such Additional Bonds. Unless provided otherwise in a supplemental indenture, all such Additional Bonds will be in substantially the same form as the 2006 Bonds, but shall bear such date or dates, bear interest at such rate or rates, have such maturity amount or amounts and date or dates, and redemption dates and redemption premiums, contain an appropriate series designation, and be issued at such prices as shall be approved by the Authority.

The Authority will not issue any Bonds payable from Basic Rent under the Lease, except the 2006 Bonds and Additional Bonds as provided in the Indenture. As each series of Additional Bonds is issued, the schedule of Basic Rent payments due will be adjusted to provide sufficient moneys to pay the principal of and interest on all of the Bonds then outstanding, when due.

The Bonds are limited obligations of the Authority and are payable solely from and are secured by the "Trust Estate," which includes the following:

(a) All rights, title and interest of the Authority under the Ground Lease and the Lease (except its right to receive payment of its fees and expenses, to receive notices, to give consents and to obtain indemnification), as such agreements may be amended from time to time pursuant to their terms, including, without limitation, its rights to (1) receive payments of Basic Rent and that portion of Additional Rent to be deposited in the Debt Service Reserve Fund, (2) receive proceeds of condemnation of and insurance on the Project, (3) reenter and take possession of the Project or any portion thereof in the event of nonpayment of Basic Rent and Additional Rent by the School Board and lease the Project or any portion thereof, and (4) exercise remedies of the Authority upon default by the School Board under the Lease; *provided* that such assignment is without recourse as to the failure of the School Board to make payments (due to financial inability or otherwise) or of the School Board to perform any of its responsibilities or duties under the Ground Lease, the Lease or any other documentation pertaining to the issuance of the Bonds;

(b) Except for the Arbitrage Rebate Fund created under the Indenture, the funds, accounts, moneys and investments held by the Trustee pursuant to the terms of the Indenture; and

(c) All other property of any kind mortgaged, pledged or hypothecated by the Authority or by anyone on its behalf or with its consent at any time as and for additional security under the Indenture in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of the Indenture, including any moneys for the payment of principal of or interest on a series of Additional Bonds received pursuant to a municipal bond insurance policy issued to secure such series of Additional Bonds.

The Ground Lease and the Lease

The School Board will lease certain real estate and the improvements thereon (the "Real Estate") to the Authority pursuant to the Ground Lease. The term of the Ground Lease will commence on the date of issuance and delivery of the 2006 Bonds and will terminate on June 15, [2027], unless sooner terminated upon payment of all amounts owed by the School Board to the Authority under the Lease. The Project will be located on the Real Estate.

Pursuant to the Lease, the Authority will lease back to the School Board the Real Estate and the Project. The Lease is a net lease, and, during its term, the School Board will pay the rental payments and all other amounts required to be paid under it, without deduction, diminution or set-off or abatement for casualty, loss of title, condemnation or any other reason.

The County, as agent for the School Board, will provide for the construction, renovation and equipping of the Project with the proceeds of the 2006 Bonds. The County will, subject to annual appropriations being made by the Board, provide for completion of the Project, if proceeds from the 2006 Bonds are insufficient to pay such costs. The School Board and the County will not be entitled to any reimbursement from the Authority or reduction or postponement of amounts payable under the Lease by reason of payment for any such excess costs. The Authority may also issue Additional Bonds (as described above) for the purpose of completing the Project, expanding the Project or prepaying, redeeming or defeasing 2006 Bonds or Additional Bonds. As to the payments of Basic Rent under the Lease, such Additional Bonds will be equally and ratably secured with the 2006 Bonds.

The Lease will commence on the date of issuance and delivery of the 2006 Bonds and will terminate, unless sooner terminated as provided by the terms of the Lease, on the earlier of June 15, [2026] (provided that all rental payments have been made) or payment in full of the Bonds, but in no event later than June 15, [2027], which is the final termination date of the Ground Lease.

In the Lease, the School Board has covenanted to pay Basic Rent and Additional Rent. Basic Rent payments are to be made in amounts expected to be sufficient to enable the Authority to meet its scheduled debt service payments on the 2006 Bonds and any Additional Bonds. Additional Rent includes the fees and expenses of the Trustee and the Authority, amounts sufficient to restore the Debt Service Reserve Fund to the Reserve Requirement within 60 days of being notified of a deficiency therein, amounts sufficient to pay any redemption premium due upon the optional redemption of any Bonds, payments of arbitrage rebate due the United States pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and all other amounts which the School Board has assumed or agreed under the Lease to pay.

Pursuant to the Lease, the School Board has agreed to include in its budget request to the County for each of the fiscal years during the term of the Lease a request that the Board appropriate to the School Board in the fiscal year all amounts due under the Lease during such fiscal year. If at any time during any fiscal year the amount appropriated in the budget of the County for such fiscal year is insufficient to permit the School Board to pay when due amounts due under the Lease, the County Administrator (or other officer charged with the responsibility of preparing the County's budget) shall submit to the Board at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit. **The Board is not required to appropriate these amounts.**

On the tenth day of the month in which each interest and principal payment date on the Bonds occurs and on the tenth day of the month in which the final maturity of the Bonds occurs, the Trustee will determine if it has sufficient amounts on deposit in the Bond Fund created under the Indenture (the "Bond Fund") and available to make the ensuing principal or interest payment when due. If the amounts available in the Bond Fund are insufficient for this purpose, the Trustee promptly will give notice of this fact and the amount of the deficiency to the Authority, the School Board and the County.

The School Board is required under the Lease to pay Basic Rent to the Trustee in an amount sufficient to pay when due the principal of and interest on the Bonds and to pay Additional Rent to the Trustee in an amount sufficient to increase the balance in the Debt Service Reserve Fund to an amount equal to the Reserve Requirement and to pay any redemption premium due upon the optional redemption of any Bonds. The School Board has covenanted in the Lease to take such action as may be necessary to have the County include the payments due from the School Board under the Lease in the County's annual budget. The School Board has covenanted to use the amounts appropriated to it by the Board to make the payments due when the Lease for such purpose and for no other purpose. **Neither the Bonds nor the obligation of the School Board to make payments under the Lease constitutes a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of the County. The County will not be liable to provide funds to the School Board for any such payments under the Lease unless and until funds have been appropriated by the Board for payment and then only to the extent of such appropriations.**

The Indenture

The 2006 Bonds are being issued, and Additional Bonds may be issued, pursuant to the Indenture. Under the Indenture, the Authority pledges to the payment of the Bonds the Trust Estate, including the revenues it receives from payments of Basic Rent under the Lease.

The Indenture provides that the Trustee will deposit in the Bond Fund (1) all payments of Basic Rent received by the Trustee under the Lease, (2) all prepayments made under the Lease, (3) any pre-issuance accrued interest on the Bonds, (4) the proceeds of any insurance recovery not used to repair, reconstruct or restore the Project, and (5) any other amounts authorized to be deposited in the Bond Fund under the Indenture. The Trustee will pay from the Bond Fund the principal of and interest on the Bonds when due.

The Indenture provides that the Trustee will deposit in the Project Fund created under the Indenture (the "Project Fund") the proceeds of the 2006 Bonds and any Additional Bonds (except pre-issuance accrued interest, amounts deposited in the Debt Service Reserve Fund, and, as to Additional Bonds, amounts used to prepay, redeem

or defease the 2006 Bonds or other Additional Bonds). The Trustee will use money in the Project Fund solely to pay the costs of the Project, including the costs of issuing the Bonds. The Trustee will make payments from the Project Fund upon receipt of requisitions signed on behalf of the County, as agent for the School Board, providing the required information with respect to the use of the amounts being requisitioned.

Leasehold Deed of Trust

As additional security for the 2006 Bonds, the Authority has granted a lien on the Authority's leasehold interest in the Matoaka Project pursuant to the Leasehold Deed of Trust. The School Board and the Authority have agreed to undertake all actions necessary to grant a lien on the Authority's leasehold interest in the unnamed middle school and the unnamed elementary school once the land for the same has been acquired.

Assignment of Rents and Leases

As additional security for the Bonds, pursuant to the Assignment, the Authority has assigned to the Trustee substantially all of its rights and interests in the Ground Lease and the Lease, including its right under the Lease to receive payments of Basic Rent and Additional Rent, except that portion of Additional Rent to be paid to the Authority for the payment of its fees, expenses and indemnification.

Debt Service Reserve Fund

The 2006 Bonds will be secured by the Debt Service Reserve Fund. Additional Bonds may or may not be secured by the Debt Service Reserve Fund. If any Additional Bonds are to be secured by the Debt Service Reserve Fund, the Indenture requires that there be on deposit in the Debt Service Reserve Fund at the time of the issuance of such Additional Bonds an amount equal to the Reserve Requirement. The Reserve Requirement is the least of (i) ten percent (10%) of the stated principal amount of each series of Bonds secured by the Debt Service Reserve Fund (or ten percent (10%) of the issue price (net of pre-issuance accrued interest) of such a series of Bonds, if required by the Code), (ii) 125% of the average annual debt service on the Bonds secured by the Debt Service Reserve Fund and (iii) the maximum annual debt service on the Bonds secured by the Debt Service Reserve Fund for the then current or any future year ending June 15. As Bonds secured by the Debt Service Reserve Fund are issued, repaid, redeemed or defeased, the Reserve Requirement may be recalculated. The Debt Service Reserve Fund is required to be used to the extent necessary to pay when due the principal of and interest on the Bonds to be secured by the Debt Service Reserve Fund if the amount on deposit in the Bond Fund is insufficient for that purpose.

Upon the issuance of the 2006 Bonds, the Reserve Requirement will be \$_____. Under the Lease, if the balance in the Debt Service Reserve Fund falls below the Reserve Requirement, the School Board is required (subject to appropriation) to pay Additional Rent in an amount sufficient to restore the balance in the Debt Service Reserve Fund to the Reserve Requirement within 60 days of notice from the Trustee of the deficit in the Debt Service Reserve Fund.

Bondholders Remedies in the Event of Default

Events of Default. Each of the following is an Event of Default under the Indenture: (1) payment of interest on any Bond is not made when due, (2) payment of principal of or premium on any Bond is not made when due, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture, subject to certain rights of the Authority to notice and an opportunity to cure, and (4) the occurrence and continuation of any "Event of Default" under the Lease.

Events of Default under the Lease include (1) failure by the School Board to pay Basic Rent (unless the default occurs as a result of the failure of the School Board or the County to appropriate amounts due under the Lease, in which case the provisions of the next paragraph below are applicable), (2) failure by the School Board to pay any other amount due under the Lease, which failure continues more than 30 days after notice thereof (unless the default occurs as a result of the failure of the School Board or the County to appropriate amounts due under the Lease, in which case the provisions of the next paragraph below are applicable), (3) failure by the School Board to observe and perform any of its other covenants, conditions or agreements in the Lease, which failure continues more than 60 days after notice (unless an extension is agreed to), and (4) the entering of an order or a decree appointing a receiver for all or any part of the Project or the revenues from the Project with the consent of the School Board, or, if such entry is without the School Board's consent, if it is not vacated, discharged or stayed within 90 days of its entry.

A failure by the School Board to pay any amount due under the Lease or perform any covenant, condition or agreement, resulting from a failure by the School Board or the County to appropriate funds for such purposes, will not be an Event of Default under the Lease. Instead, the provisions summarized in the section below “-- Early Termination” will apply.

Remedies; Rights of Bondholders. Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee may, and if required by the owners of twenty-five percent in aggregate principal amount of Bonds outstanding will, declare the entire unpaid principal of and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds will be immediately due and payable. The Bonds are payable primarily from the Basic Rent under the Lease, which Basic Rent is subject to annual appropriation by the School Board and the Board.

The Trustee may, with or without the action described in the preceding paragraph, proceed to protect and enforce the rights of the owners of the Bonds in the manner it deems most expedient to the interests of such owners. All remedies under the Indenture are cumulative.

Remedies available to the Authority and the Trustee (as assignee and on behalf of the Authority) under the Lease for an Event of Default thereunder include the following: (1) the Trustee may declare all unpaid rental payments under the Lease to be immediately due and payable; (2) the Trustee may re enter and take possession of all or any part of the Project without terminating the Lease, exclude the School Board from possession and maintain any subleases then in effect, and sublease any portion of the Project not then subleased, holding the School Board liable for any difference in rentals; (3) the Trustee may terminate the Lease as to all or any part of the Project, exclude the School Board from possession from all or any portion of the Project, and lease all or any portion of the Project for the account of the School Board to one or more parties, holding the School Board liable for any difference in rentals; (4) the Trustee may have access to and inspect the School Board’s records pertaining to the Project; and (5) the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect rental payments and other amounts then due or to become due, or to enforce performance and observance of any obligation or agreement of the School Board under the Lease.

Other than the right of acceleration described above, no owner of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default under the Indenture has occurred and is continuing and the owner has given the Trustee written notice of it or the Trustee is deemed to have notice by virtue of the Indenture; (2) the owners of twenty-five percent in aggregate principal amount of Bonds then outstanding have requested the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture, or to institute such action, suit or proceeding in its own name; (3) the Trustee has been indemnified as provided by the Indenture; (4) the Trustee has failed or refused within 30 days to comply with such request; (5) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the holders of a majority in aggregate principal amount of Bonds then outstanding; and (6) notice of such action, suit or proceeding is given to the Trustee.

Early Termination. If the School Board cannot observe and perform any covenant or agreement as a result of the School Board’s or the County’s failure to appropriate funds for amounts due under the Lease, the Authority, or the Trustee as assignee and on behalf of the Authority, may terminate the Lease upon 30 days’ notice. The Authority may exclude the School Board from possession and sublease all or any portion of the Project, applying the proceeds in accordance with the Indenture. The School Board may reinstate the Lease prior to its termination upon satisfaction of certain conditions.

INVESTMENT CONSIDERATIONS

An investment in the 2006 Bonds involves various risks. Prospective investors should carefully consider the following information in conjunction with the other information contained in this Official Statement before making a decision to purchase any 2006 Bonds. Although this section does not list all of the factors to be taken into account by a prospective purchaser of the 2006 Bonds in evaluating the risk of the investment, the following factors are considered by the County to be the most salient.

Limited Source of Payments

The Bonds are not general obligations of the Authority but are limited obligations payable primarily from revenues received by the Authority under the Lease. The ability of the Authority to make timely payments of principal and interest on the Bonds depends solely on the ability of the School Board to make timely payments under the Lease. The obligation of the School Board to make payments under the Lease is subject to and dependent upon amounts being lawfully appropriated from time to time by the School Board and the Board. **The School Board and the Board are not required to appropriate such amounts.** The County agreed in its resolution adopted on November 14, 2006 to consider making annual appropriations to the School Board to make the payments due under the Lease. The full faith and credit and the taxing power of the County are not pledged in any way to the Bonds or payments due under any of the Basic Documents. For more information on the County, see “**APPENDIX A – County of James City, Virginia**” and “**APPENDIX B – Audited Financial Statements of for the Fiscal Year Ended June 30, 2005.**”

Nonappropriation, Default and Remedies

Pursuant to the Lease, in the event that funds for the payment of the obligations under the Lease are insufficient to make the required payments thereunder, the Trustee may terminate the Lease without penalty. In the event that the School Board defaults under the Lease, the Trustee as assignee of the Authority may take possession of and re-lease the Project. Since the re leasing of the Project may not be possible on terms as favorable as those of the Lease, there can be no assurance that the principal and interest payments on the Bonds expected to be realized, as set forth in this Official Statement, will in fact be received.

Taxation of Payments on the Bonds

An opinion of Bond Counsel will be obtained to the effect that, subject to the conditions stated therein, interest on the 2006 Bonds is excludable from gross income for purposes of federal income taxation. See Appendix D. To the extent, however, that the School Board is removed from possession of the Project as a result of an Event of Default under the Indenture or the Lease or an event of nonappropriation by the School Board or the County, as described above, and the Project ceases to be used for governmental purposes, interest on the 2006 Bonds may not be excludable thereafter from gross income for purposes of federal income taxation and may be includable in computing Virginia income tax. If the Authority, the School Board or the County fails to comply with certain covenants contained in the Basic Documents and the tax certificate with respect to the requirements of the Code, interest on the 2006 Bonds may not be excludable thereafter from gross income for purposes of federal income taxation.

Limitations on Enforceability of Remedies

The realization of any rights upon an Event of Default will depend upon the exercise of various remedies specified in the Indenture and the Lease. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Indenture and the Lease may not be readily available. If an Event of Default occurs under the Indenture, the Trustee may, and upon the request of the owners of a majority in aggregate principal amount of Bonds (including the 2006 Bonds and any Additional Bonds) then outstanding, the Trustee will, proceed to protect and enforce its rights and the rights of the owners of the Bonds. If the owners of Additional Bonds constitute the owners of a majority in aggregate principal amount of Bonds then outstanding, such owners could direct the remedies to be pursued by the Trustee, without obtaining the consent or approval of any of the owners of the 2006 Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the anticipated application of the proceeds of the 2006 Bonds.

Sources of Funds

Face Amount of Bonds	\$ _____
Net Original Issue Premium (Discount)	_____
Total Sources	\$ _____

Uses of Funds

School Construction, School Renovation and Equipment	\$ _____
Deposit to Debt Service Reserve Fund	_____
Costs of Issuance*	_____
Total Uses	\$ _____

*Includes an underwriter's discount. See the section "MISCELLANEOUS – Competitive Sale."

DEBT SERVICE REQUIREMENTS FOR THE 2006 BONDS

The following table shows the payments of principal and interest scheduled to become due on the 2006 Bonds and the schedule of Basic Rent scheduled to become due on the Lease.

Bond Year Ending June 15	Principal	Interest	Total Debt Service/Basic Rent
2007	\$ _____	\$ _____	\$ _____
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

THE AUTHORITY

The Authority was created pursuant to the Act by an ordinance adopted by the Board to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Board. The Authority is empowered, among other things, to acquire, construct, improve, maintain, equip, own, lease and dispose of facilities for the use of governmental entities and to finance the same by the issuance of its revenue bonds. The 2006 Bonds will be limited obligations of the Authority. The Authority has no taxing power.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the 2006 Bonds will be subject to the approving opinion of Troutman Sanders LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the County upon delivery of the 2006 Bonds (the "Bond Opinion"). The proposed form of the Bond Opinion is attached to this Official Statement as Appendix D. The Bond Opinion will be limited to matters relating to the authorization and validity of the 2006 Bonds and to the tax-exempt status of interest thereon as described below in the section "**TAX EXEMPTION.**" Bond Counsel has not been engaged to investigate the financial resources of the County or the School Board or the ability of the County to make funds available to the School Board to provide for payment of Basic Rent under the Lease, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase 2006 Bonds.

Certain legal matters will be passed upon for the County by the County Attorney, Leo P. Rogers, Esquire. Certain legal matters will be passed upon for the Authority by its counsel, Troutman Sanders LLP.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law, interest, including accrued original issue discount ("OID"), on the 2006 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Except as described below, Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the 2006 Bonds. Further, in the opinion of Bond Counsel, interest, including accrued OID, on the 2006 Bonds is exempt from income taxation by the Commonwealth.

The Bond Opinion will be given in reliance upon certifications by representatives of the Authority, the School Board and the County as to certain facts relevant to both the Bond Opinion and requirements of the Code. The Authority, the School Board and the County have covenanted to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the 2006 Bonds, and the timely payment to the United States of any arbitrage rebate amounts with respect to the 2006 Bonds. Failure by the Authority, the School Board or the County to comply with such covenants could cause interest, including accrued OID, on the 2006 Bonds to become included in gross income for federal income tax purposes retroactively to their date of issue.

Original Issue Discount

The OID on the 2006 Bonds maturing in the years ____ through ____ (collectively, the "OID Bonds") is the excess of the stated redemption price of any OID Bond at maturity over the initial offering price to the public at which a substantial amount of the 2006 Bonds of the same maturity was sold. The "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. OID on the OID Bonds represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year will be included in determining the corporate alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned below. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in corporate alternative minimum tax liability, additional distribution requirements, or other

collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

In the case of an original owner of an OID Bond, the amount of the OID which is treated as having accrued with respect to the OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition which are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described herein.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in the compounding period.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such Bonds and with respect to state and local tax consequences of owning such OID Bonds.

Original Issue Premium

2006 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. An owner's basis in such a 2006 Bond must be reduced by the amount of premium which accrues while such 2006 Bond is held by the owner. No deduction for such amount will be allowed, but it generally will offset interest on the 2006 Bonds while so held. Purchasers of such 2006 Bonds should consult their own tax advisors with respect to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of owning such 2006 Bonds.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the 2006 Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to certain taxpayers including without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2006 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2006 Bonds should consult their own tax advisors as to collateral federal income tax consequences.

Prospective purchasers of the 2006 Bonds should consult their own tax advisors as to the status of interest on the 2006 Bonds under the tax laws of any state other than Virginia.

The 2006 Bonds have **not** been designated as qualified tax-exempt obligations under Section 265(b)(3) of the Code.

LITIGATION

The Authority

No litigation is pending or, to the best of the knowledge of the Authority, threatened (1) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (2) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (3) affecting the construction, renovation, equipping or operation of the Project or any portion thereof.

The County

No litigation is pending or, to the best of the knowledge of the County, threatened (1) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (2) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (3) affecting the construction, renovation, equipping or operation of the Project or any portion thereof.

During the normal course of business, the County and its employees have been named as defendants in litigation filed by parties concerning alleged personal injuries, property damages, and other causes of action, which are being vigorously defended by the County. The County believes that no losses will be incurred as a result of such litigation that would have a material adverse effect on the County's financial position.

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's"), Standard & Poor's Public Finance Ratings ("Standard & Poor's") and Fitch Ratings ("Fitch") have given the 2006 Bonds the ratings of ___, ___, and ___, respectively. The County requested that the 2006 Bonds be rated and furnished certain information to Moody's, Standard & Poor's and Fitch, including certain information that may not be included in this Official Statement. Such ratings are based on the credit of the County and reflect only the views of such rating agencies. Any desired explanation of the significance of such ratings should be obtained from Moody's at 99 Church Street, New York, New York 10007, telephone (212) 553-0300; from Standard & Poor's at 55 Water Street, New York, New York 10004, telephone (212) 208-8000; or from Fitch at One State Street Plaza, New York, New York 10004, telephone (212) 908-0829. Generally, rating agencies base their ratings on the information and materials so furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The County and the Financial Advisor have undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the rating of the 2006 Bonds or to oppose any such proposed revision or withdrawal. Any downward revision in or withdrawal of a rating could have an adverse effect on the market price of the 2006 Bonds.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, has served as financial advisor to the County with respect to the sale of the 2006 Bonds. Davenport & Company LLC has assisted in the preparation of this Official Statement and in the matters relating to the planning, structuring and issuance of the 2006 Bonds and has provided other advice. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the 2006 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Competitive Sale

After competitive bidding on December __, 2006, the 2006 Bonds were awarded to _____ (the "Purchaser"). The Purchaser has supplied the information as to the public offering yields set forth on the inside cover page of this Official Statement. If all of the 2006 Bonds are resold to the public at such yields, the Purchaser has informed the County that it anticipates total underwriting compensation of \$ _____. The Purchaser may change the public offering yields from time to time.

Certificates of Authority and County Officials

Concurrently with the delivery of the 2006 Bonds, the County will furnish to the Purchaser a certificate dated the date of delivery of the 2006 Bonds, signed by the appropriate County officials and stating that (1) no litigation is then pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale or delivery of any of the 2006 Bonds, or the application of proceeds of the 2006 Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (b) in any way contesting or affecting any authority for the issuance or validity of the 2006 Bonds or the validity of the Basic Documents, or (c) affecting the construction, renovation, equipping or operation of the Project, and (2) the descriptions and statements in this Official Statement (except under the headings "**THE 2006 BONDS -- Book-Entry Only System**," "**TAX EXEMPTION**," and

“MISCELLANEOUS – Litigation” and the information as to yields or prices on the inside cover page) on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects, did not and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in the light of the circumstances under which they were made, not misleading, and that no material adverse change has occurred in the financial condition of the County between the date of this Official Statement and the date of delivery of the 2006 Bonds other than as contemplated in this Official Statement. Such certificate will also state, however, that such County officials did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

The County Attorney will furnish to the Purchaser concurrently with the delivery of the 2006 Bonds a certificate dated the date of delivery of the 2006 Bonds, stating that the statements under the heading **“MISCELLANEOUS – Litigation – The County”** on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading. Counsel to the Authority will also furnish to the Purchaser concurrently with the delivery of the 2006 Bonds a certificate dated the date of delivery of the 2006 Bonds, stating that the statements under the heading **“MISCELLANEOUS – Litigation – The Authority”** on the date of this Official Statement and on the date of delivery were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading.

Continuing Disclosure

The County will enter into a Continuing Disclosure Certificate (the “Disclosure Certificate”). In the Disclosure Certificate, the County has covenanted, for the benefit of the holders and Beneficial Owners of the 2006 Bonds, to provide certain financial information, including audited financial statements prepared in accordance with generally accepted accounting principles applicable to governmental entities, and operating data relating to the County not later than 270 days after the end of each of the County’s fiscal years, commencing with the fiscal year ending June 30, 2006 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events, if material. See Appendix C for the form of the Disclosure Certificate. These covenants have been made in order to assist the Purchaser in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

The County has not failed to comply, in all material respects, with any previous undertakings in a written contract or agreement meant to ensure compliance with Rule 15c2-12(b)(5). The Authority and the County have determined that the Authority is not an “obligated person,” as described in Rule 15c2-12(b)(5), with respect to the 2006 Bonds.

Relationship of Parties

Troutman Sanders LLP serves as counsel to the Authority and as Bond Counsel to the County. Further, Troutman Sanders LLP also serves as counsel to the Trustee or the Financial Advisor from time to time in unrelated matters.

Summaries and Descriptions

All summaries in this Official Statement of provisions of the statutes of the Commonwealth, including the Act, the Basic Documents, the 2006 Bonds and the Disclosure Certificate are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

This Official Statement and any advertisement of the 2006 Bonds are not to be construed as a contract with the purchasers of the 2006 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of these estimates will be realized.

The Authority has furnished all information in this Official Statement relative to it. The County has furnished all information in this Official Statement relative to it, including the audited financial statements for the

fiscal year ended June 30, 2005, and for the period then ended, as well as the report on the audited financial statements by KPMG LLP, Norfolk, Virginia, independent auditors, contained in Appendix B. KPMG LLP will not be reviewing any matters in connection with the issuance of the 2006 Bonds.

The Authority and the County have authorized the distribution of this Official Statement. The Authority has deemed this Official Statement to be "final" as of this date 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.

**ECONOMIC DEVELOPMENT AUTHORITY OF JAMES
CITY COUNTY, VIRGINIA**

By: _____
Chairman

Approved:

COUNTY OF JAMES CITY, VIRGINIA

By: _____
County Administrator

APPENDIX A

COUNTY OF JAMES CITY, VIRGINIA

COUNTY OF JAMES CITY, VIRGINIA

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	
Form and Organization of Government.....	A-1
Certain Administrative Staff Members.....	A-2
Government Services and Facilities	A-2
Economic Development	A-2
ECONOMIC AND DEMOGRAPHIC FACTORS	
Population.....	A-3
Income	A-3
Housing, Construction and Financial Activity	A-4
Employment	A-6
Tourism	A-8
Health Care.....	A-9
Education.....	A-9
Colleges and Universities	A-10
Public Safety	A-10
Transportation	A-10
Water and Wastewater Services	A-11
FINANCIAL INFORMATION	
Auditors	A-11
Budgetary Process	A-11
Operating Budget	A-12
Accounting System.....	A-13
General Fund	A-13
Property Taxes, Assessments and Collections.....	A-15
Capital Improvements Program.....	A-17
Outstanding Bonded Debt and Debt Service	A-18
Other Indebtedness and Obligations	A-20
Retirement Systems	A-20
Post-Employment Benefits Other Than Pensions.....	A-21
Published Financial Information	A-21

COUNTY OF JAMES CITY, VIRGINIA

INTRODUCTION

James City County, Virginia (the "County"), is the site of Jamestown, which in 1607 became the first permanent English settlement in the New World. The United States Congress called Jamestown the birthplace of Virginia and American Government.

The County is conveniently located between the major metropolitan areas of Richmond and Norfolk. Adjacent to the County is the City of Williamsburg, Virginia (the "City"), home to historic Colonial Williamsburg and the College of William and Mary. During the 1970's and 1980's, tourism plus commercial and residential development expanded dramatically in the County and surrounding areas. Today, the County is home to approximately 56,463 residents and encompasses 144.1 square miles, the largest land area on the Virginia peninsula. Services provided by the County include a transit system, professional police service, fire and dispatch, parks and a recreation center, public-private health center, and social services that promote self-sufficiency.

Form and Organization of Government

The County is governed by a five member Board of Supervisors (the "Board"). Each member is elected by the voters in his or her district for a term of four years. Terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later. At their annual organizational meeting, the Board elects a chairman and vice chairman from among the five supervisors. The Board passes all local ordinances and determines all local policies which govern the County. It appoints a County Administrator as well as most boards and commissions. It also appropriates funds for County operations and generally oversees all County functions.

The current members of the Board, their occupations and the expirations of their terms of office are shown below:

<u>Supervisor</u>	<u>Occupation</u>	<u>Term Expires</u>
Bruce C. Goodson, Chairman	Businessman – Equipment Sales	December 31, 2007
John J. McGlennon	Professor – College of William & Mary	December 31, 2009
M. Anderson Bradshaw	Attorney	December 31, 2007
Jay T. Harrison, Sr.	Pastor	December 31, 2007
James O. Icenhour, Jr.	Retired Airline Pilot	December 31, 2009

The County Administrator is the chief administrative officer of the County and is responsible to the Board for executing policies established by the Board. The County Administrator acts as Clerk to the Board and handles the daily administrative operations of the County as well as its strategic planning.

In addition to the elected members of the Board, five constitutional officers are elected. These are the Commissioner of the Revenue, the Treasurer, the Clerk of the Circuit Court, the Commonwealth's Attorney and the Sheriff. The Treasurer, the Clerk of the Circuit Court, the Sheriff and the Commonwealth's Attorney are elected jointly by the voters of the County and the City. The County and the City are part of the 9th Judicial District and Circuit Courts. The three judges serving the area represent the Juvenile, District and Circuit Courts and are appointed by the General Assembly of Virginia. The Circuit Court Judge appoints the members of the County's Board of Zoning Appeals and members of the County's Electoral Board which, in turn, appoints the General Registrar.

The County's schools are operated by the Williamsburg-James City County School Board, which consists of 2 members appointed by the City and 5 members elected by the voters of the County. Each of the County members are elected by the voters in his or her district for a term of 4 years, and the terms are staggered with representatives from two districts being elected one year and the other three representatives being elected two years later.

Certain Administrative Staff Members

Sanford B. Wanner, County Administrator, joined the County in 1985 as General Manager of the James City Service Authority. In June 1990 he was appointed Assistant County Administrator and in 1996 he was appointed County Administrator. Prior to joining the County, Mr. Wanner served from November 1981 to July 1985 as Director of Finance for the Williamsburg-James City County Schools. Mr. Wanner holds a Bachelor of Science degree in Education from The College of New Jersey and a Master of Science degree in Administration from George Washington University. Mr. Wanner is an International City/County Management Association ("ICMA") credentialed manager.

William C. Porter, Jr., Assistant County Administrator, received a Bachelor of Arts degree in Political Science from Randolph-Macon College in 1967 and a Master's Degree in Urban and Regional Planning from the University of Tennessee in 1972. Mr. Porter has served as Assistant County Administrator since 1996. Prior to that, Mr. Porter served twelve years as County Administrator in Louisa County, Virginia, three years as Assistant County Administrator in Stafford County, Virginia, five years as Director of Planning in Stafford County, and five years as a Planner in Henrico County, Virginia. Mr. Porter is an ICMA credentialed manager.

John E. McDonald, Manager of Financial and Management Services, joined the County in 1976 as Assistant to the County Administrator for Finance. From 1973 to 1976, Mr. McDonald was a Certified Public Accountant with the accounting firm Coopers & Lybrand. Since joining the County, Mr. McDonald has directed all the financial functions of the County, including budget, cash management, and investments, as well as the Divisions of Purchasing, Accounting, Real Estate Assessments, and Information Resources Management. He has held the title of Manager of Financial and Management Services since 1995. Mr. McDonald holds a Bachelor of Science degree in Finance from the University of Virginia and a Master's Degree in Business Administration from the College of William and Mary. He is a member of the Government Finance Officers Association and the American Institute of Certified Public Accounts.

Leo P. Rogers, was appointed by the Board in August 2004 as the County Attorney. Mr. Rogers had served as Deputy County Attorney since March 1990. He holds a Bachelor's degree in history from Rutgers College and received a Juris Doctor from the Marshall-Wythe School of Law at the College of William and Mary in 1988.

Government Services and Facilities

The County provides a comprehensive range of local government services characteristic of its form of government under Virginia law. Although legally separate and independent, the City and the County are closely linked. Both jurisdictions share an elected Treasurer, Clerk of the Circuit Court, Commonwealth's Attorney and Sheriff. The County and the City share a public school system, courts, transit, public health department, library, jail, bikeways, and recreation center. Cooperative agreements exist for fire, emergency medical, social services and recreation.

Economic Development

The Department of Economic Development's mission is to foster development and expansion of a diversified and healthy base of primary business and industry that will better balance the tax base, increase job opportunities and enhance both the quality and standard of living in the County. The department focuses on the retention and expansion of the County's existing primary businesses and industries, plus the recruitment of new businesses and industries.

The Economic Development Authority of James City County, Virginia (the "Authority") coordinates industrial revenue bond financings for qualifying businesses and charitable entities and manages inducements and loans to businesses. The Authority, in partnership with Williamsburg Development Inc., a subsidiary of Colonial Williamsburg Foundation, is developing and marketing the James River Commerce Center, a 219 acre light industry business park.

ECONOMIC AND DEMOGRAPHIC FACTORS

Population

According to estimates by the County, the County's current population is approximately 56,463. The following table presents the population figures for selected years.

**POPULATION AND RATES OF CHANGE
JAMES CITY COUNTY AND THE UNITED STATES
SELECTED YEARS**

Year	County	Rate of Change	United States	Rate of Change
1950	6,317		150,697,361	
1960	11,539	82.70%	178,464,236	18.43%
1970	17,853	54.70	203,211,926	13.87
1980	22,763	27.50	226,545,805	11.48
1990	34,859	53.10	249,200,000	10.00
1996	42,530	3.05	265,228,572	0.92
1997	44,019	3.50	267,783,607	0.96
1998	45,998	4.50	270,248,003	0.92
1999	47,451	3.16	272,690,813	0.90
2000	47,445	(0.01)	281,421,906	3.20
2001	49,256	3.82	285,102,075	1.31
2002	50,858	3.25	287,941,220	1.00
2003	52,303	0.97	290,788,976	0.99
2004	53,952	3.15	293,655,404	0.99
2005	56,463	4.65	296,410,404	0.94

Sources: 1996-2005 population figures are from the Weldon Cooper Center; other figures are from the U.S. Department of Commerce, Bureau of the Census.

Income

Presented below are comparative tables on per capita income and median household income for selected years.

PER CAPITA INCOME

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
James City County ¹	\$34,849	\$37,254	\$38,023	\$38,950	\$40,551
Commonwealth of Virginia	31,087	32,505	33,013	34,014	36,160
United States	29,845	30,574	30,810	31,484	33,050

¹ Data includes James City County and Williamsburg

Source: U.S. Department of Commerce, Bureau of Economic Analysis; computed using Census Bureau midyear population estimates with estimates for 2000 - 2004 reflecting population estimates available as of April 2006.~~2006~~

As depicted below, the County's median household income has increased from \$56,302 in 1999 to \$62,324 in 2003, or a 10.70% increase. During that same period, the Commonwealth of Virginia's median family income increased 11.55%.

MEDIAN HOUSEHOLD INCOME

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
James City County	\$56,302	\$58,342	\$57,352	\$59,483	\$62,324
Commonwealth of Virginia	44,848	46,789	48,130	48,224	50,028

Source: U.S. Department of Commerce, Bureau of the Census

Housing, Construction and Financial Activity

The data in the tables below are presented to illustrate various housing characteristics for the County. As of June 30, 2006, the total number of dwelling units in the County was estimated to be 25,387. Single-family and condominium units represented 75.92% percent of this total. Based on the latest information available, the distribution of all dwelling units is as follows:

DWELLING UNITS BY TYPE (As of June 30, 2006)

<u>Housing</u>	<u>Dwelling Units</u>	<u>Percent</u>
Single Family and Condo	19,273	75.92%
Two Family	422	1.66
Townhouses	2,180	8.59
Multifamily	2,054	8.09
Mobile Homes	<u>1,458</u>	<u>5.74</u>
Total	<u>25,387</u>	<u>100.00%</u>

Source: James City County Planning Division

TOTAL NUMBER OF BUILDING PERMITS ISSUED AND VALUE

<u>Calendar Year</u>	<u>Total Permits¹</u>	<u>Value Residential</u>	<u>Value Commercial and Industrial</u>	<u>Total Value</u>
1996	721	\$106,000,000	\$65,499,072	\$171,499,072
1997	892	112,000,000	55,817,866	167,817,866
1998	1,076	151,000,000	39,002,957	190,002,957
1999	1,141	159,000,000	61,506,432	220,506,432
2000	1,436	186,000,000	49,121,657	235,121,657
2001	1,115	136,000,000	41,294,975	177,294,975
2002	996	252,000,000	32,967,930	284,967,930
2003	1,042	206,000,000	36,835,817	242,835,817
2004	1,174	226,000,000	65,494,556	291,494,556
2005	1,362	188,993,942	89,576,187	278,570,129

¹ Includes all permits: Residential, Commercial and Industrial

Source: James City County Code Compliance Office

ESTIMATED VALUE OF NEW CONSTRUCTION

Fiscal Year	Residential Construction	Commercial and Industrial Construction
1996	\$112,972,338	\$28,702,304
1997	91,781,145	24,834,022
1998	126,044,546	31,524,996
1999	153,334,300	33,240,109
2000	187,869,190	50,295,305
2001	135,265,141	53,119,323
2002	170,128,299	29,544,103
2003	180,586,390	38,817,788
2004	215,960,174	29,478,502
2005	144,545,638	104,058,153
<u>2006</u>	<u>188,993,942</u>	<u>89,576,187</u>

Source: James City County Code Compliance Office

The average annual unemployment rate for the County for recent years is set forth in the following table.

UNEMPLOYMENT RATE ANNUAL AVERAGE RATES Calendar Year

	2001	2002	2003	2004	2005
James City County	1.9%	2.5%	2.5%	3.1%	2.9%
Commonwealth of Virginia	3.2	4.2	4.1	3.7	3.5
United States	4.7	5.8	6.0	5.5	5.1

Source: Virginia Employment Commission

Employment

Private employers in the County provided jobs to an average of 22,413 persons in the quarter ending March 31, 2006. The following table presents the number of establishments, employment and average weekly wages for this time period for private and public employees.

NUMBER OF ESTABLISHMENTS, EMPLOYMENT QUARTERLY GROSS WAGES, AND AVERAGE WEEKLY WAGE Quarter Ending March 31, 2006¹

Industry Group	Number of Establishments	Average Employment for Quarter	Average Weekly Wage Per Employee
Goods			
Natural Resources and Mining	7	44	\$ 299
Construction	258	1,809	692
Manufacturing	36	1,848	1,188
Total Goods	<u>301</u>	<u>3,701</u>	<u>\$ 935</u>
Services – Private			
Trade, Transportation and Utilities	314	4,709	484
Information	14	274	523
Financial Activities – Professional and Business	156	1,449	773
Services	300	2,467	751
Education and Health Services	115	4,371	649
Leisure and Hospital	139	5,106	305
Other Services	98	337	456
Total Services	<u>1,136</u>	<u>18,712</u>	<u>\$ 563</u>
Services - Public			
Public Administration	<u>23</u>	<u>742</u>	<u>739</u>
Total	<u>1,460</u>	<u>23,155</u>	<u>\$ 603</u>

¹ Data excludes self-employed persons

Source: Virginia Employment Commission

The following table is a breakdown of employment by sector.

**EMPLOYMENT BY SECTOR AS A PERCENTAGE OF TOTAL
Quarter Ending March 31, 2006**

Leisure and Hospitality	22%
Utilities	20
Education and Health Services	19
Services	11
Construction	8
Manufacturing	8
Financial Activities Professional and Business	6
Public Administration	3
Information	1
Other Services	1

Source: Virginia Employment Commission

The table below presents data regarding the major public and private employers in the County, including any products and services they provide and the approximate range of employers.

**MAJOR PUBLIC AND PRIVATE EMPLOYERS
Year Ended June 30, 2006**

<u>Approximate Number of Employees</u>	<u>Type of Business</u>
1000⁺ employees:	
Busch Gardens ⁽¹⁾	Theme Park
Williamsburg-James City County Public Schools	School System
Eastern State Hospital	Hospital
Anheuser-Busch, Inc.	Brewery
500-999 employees:	
Busch Properties, Inc.	Resort
James City County	Government
Wal-Mart Distribution Center	Warehouse & Distribution
250-499 employees:	
Williamsburg Plantation, Inc.	Time Share Resort
Jamestown-Yorktown Foundation	Educational Foundation
Williamsburg Landing	Retirement Facility

¹ Seasonal employer

Source: James City County Department of Economic Development.

The table presented below is a summary of recent County taxable retail sales.

TAXABLE RETAIL SALES

Fiscal Year	Taxable Retail Sales
1997	\$496,150,800
1998	567,112,700
1999	606,084,800
2000	644,192,700
2001	673,000,700
2002	660,603,800
2003	678,016,200
2004	679,508,600
2005	763,697,400
2006	832,202,200

Source: Treasurer, James City County

Tourism

The tourism industry contributes to the County's and Virginia's economy. The Williamsburg Convention and Tourism Bureau reports that visitors to the Greater Williamsburg area spent \$750 million in 2004. The Bureau reports that in 2004 more than 3.5 million people attended events and toured attractions in the Greater Williamsburg area. The current room inventory in the Greater Williamsburg area is approximately 10,000.

HOTEL ROOMS TAX RECEIPTS **Fiscal Year 1996 to Fiscal Year 2005**

Fiscal Year	Total Hotel Room Tax Receipts ^{1,2}
1996	\$ 841,659
1997	912,124
1998	1,977,416
1999	2,096,239
2000	2,051,456
2001	2,020,861
2002	2,040,704
2003	1,915,364
2004	1,752,347
2005	2,480,944
2006	2,931,941 (unaudited)

¹ Effective October 1, 1996, the hotel room tax was increased from 2% to 4%. The additional 2% is required to be used for tourism.

Source: James City County Department of Financial Management Services.

² Effective August 1, 2004, an additional \$2 per room night is assessed and used for regional marketing.

Health Care

Located in the City is Sentara Williamsburg Regional Medical Center, a comprehensive medical center with an Emergency Department, all private patient rooms, and an array of inpatient and outpatient services to support optimal health. The hospital's opening in August of 2006 included an expansion of cardiovascular services with a dedicated \$1.5 million cardiac catheterization lab and advanced imaging services that feature a \$1.3 million 32-slice Computed Tomography (CT) scanner. This 5-story, approximately 339,000 square foot facility adjoins the existing Geddy Outpatient Center via an enclosed connector on the first and second floors.

Other hospitals located in the area are Sentara Hampton General Hospital, Mary Immaculate Hospital, Newport News General Hospital, Riverside Rehabilitation Institute, Veteran's Administration Medical Center, McDonald Army Hospital, Langley Air Force Base Hospital, Riverside Psychiatric Institute and Eastern State Hospital. For specialized needs, such as acute care for children, serious trauma or burns, peninsula area citizens can go to Norfolk to the Children's Hospital of the King's Daughters, devoted exclusively to children, and Sentara Norfolk General Hospital, which features a Level I trauma center and Nightingale helicopter service. The Medical College of Virginia in Richmond is located just an hour drive northwest.

Education

The Williamsburg-James City County Public Schools Division (the "Public Schools") was formed in 1954 as a joint venture of the City and County to provide quality public education to the children within the two localities. Local financing for its operating and capital budgets is governed by a contract between the two localities.

The Public Schools are managed by a School Board consisting of seven members. There are five County members who are elected by County voters for four year terms. There are two City members of the School Board who are appointed for three year terms by the City Council.

The School Board has the power and responsibility to set policy and ensure that the Public Schools follow state and federal guidelines. The School Board appoints the superintendent; establishes goals and adopts policies which become the basis for instructional programs in accordance with state regulations and local needs; sets student policies; manages school facilities and identifies additional facility requirements; and maintains public relations.

Summarized in the following tables are selected items of information concerning the number and types of public education facilities, the total annual school membership (enrollment) and the percentage change.

PUBLIC EDUCATION FACILITIES

7 Elementary Schools
3 Middle Schools
2 High Schools

PUBLIC SCHOOLS STUDENT POPULATION

School Year	Number of Students	Percent Change
1996	7,400	2.24%
1997	7,675	3.72
1998	7,921	3.21
1999	8,155	2.95
2000	8,191	0.44
2001	8,407	2.64
2002	8,553	1.74
2003	8,959	4.75
2004	9,402	4.94
2005	9,820	4.45
2006	10,107	2.92

Source: Williamsburg-James City County Public Schools

Private and Parochial Schools. There are two kindergarten through 12 parochial schools in the area – one is in the County and one is in the City.

Colleges and Universities

There are several colleges and universities within a short distance of the County.

The College of William and Mary was founded in the City over three hundred years ago. Approximately 7,650 students attend to earn degrees in 38 bachelor's, 16 master's, and 9 doctoral programs. The College sponsors the Virginia Institute of Marine Science at Gloucester Point, Virginia, and it participates in the Southeastern Universities Research Association's support of the Jefferson Labs in Newport News. Jefferson Labs, which became fully operational in 1995, conducts state-of-the-art physics research.

Hampton University, located approximately 40 miles from the County in the City of Hampton, was founded in 1868 and has an enrollment of about 5,797 students. It offers 38 bachelor's degrees, 14 master's degrees and 4 doctoral or professional programs through its College of Continuing Education.

Christopher Newport University, located approximately 30 miles from the County in Newport News, has an enrollment of more than 4,715 students and offers baccalaureate degrees in 22 fields and master's degrees in three fields.

Thomas Nelson Community College ("TNCC"), located approximately 25 miles from the County in Newport News, has an enrollment of approximately 5,033 students. TNCC also has a satellite branch located in rented space in the County. In 2002, State voters approved general obligation bonds for higher education which provided TNCC \$17.7 million to construct a permanent campus for TNCC in the County. It offers 32 associates degrees plus 8 diploma and certificate programs. Students can transfer their credits to most four year universities with no loss of credits.

Also located on the peninsula are St. Leo College, the Peninsula Graduate Center of Engineering, George Washington University Satellite, Commonwealth College, Embry Riddle Aeronautical University, Florida Institute of Technology and Central Baptist Bible College.

Public Safety

Police Department. The Police Department is responsible for enforcing the law, preserving the peace, crime prevention services and animal control. The department has 77 sworn officers and annually responds to over 19,000 calls for service. The department has received certification from the Commission on Accreditation for Law Enforcement Agencies which rates agencies on over nine hundred different standards.

Fire. The Fire Department is responsible for providing fire protection, prevention and public information from five strategically located fire stations in the County. The department also provides emergency medical services and is responsible for implementation of disaster, emergency evacuation and radiological monitoring plans in the event of such an incident. It has a staff of 120 employees which is supplemented by 60 volunteer and auxiliary members.

Transportation

Interstate I-64 links the County with the Tidewater communities to the east and with Interstate 95 and the entire interstate corridor of the eastern seaboard to the west. The commercial and industrial areas in the County are within minutes of Interstate I-64 and within 45 minutes of Interstates I-95 and I-295. Approximately 55 trucking companies serve the region.

Three international airports, all within 45 minutes of the County, provide air transportation and cargo facilities -- Richmond International Airport to the west and Williamsburg/Newport News International and Norfolk International airports to the east. These airports handle over 400 international and domestic passenger flights and 20 all-cargo flights daily. Williamsburg-Jamestown airport serves as a regional general aviation airport for turbo-prop and corporate aircraft.

The CSX rail line that passes through the County provides rail service to the County and an Amtrak station in the City offers passenger rail service. Along with Interstate I-64, the rail line provides access to the Hampton Roads ports some 40 minutes to the east. Hampton Roads is the second largest commercial port area on the East Coast with access to 75 international shipping lines.

Water and Wastewater Services

The James City Service Authority (the "Service Authority") offers water and wastewater services in its service area, which includes approximately 73 square miles of the County. The members of the County's Board also serve as the members of the Service Authority's board of directors. The Service Authority's operating funds are self-supporting, and the Service Authority receives no share of any County tax levies. The Service Authority's board of directors has the sole power to set water and sewer utility rates.

The Service Authority's water system currently includes a central water system with 10 well facilities and 6 independent water production facilities. There are approximately 321 miles of water transmission and distribution lines throughout the entire system. In addition, the Service Authority purchases potable water from the City of Newport News pursuant to a Water Purchase Agreement between the Service Authority and the City of Newport News. The water system facilities supply approximately 4.8 million gallons of water per day to 17,500 water customers.

The Service Authority currently has groundwater permits for its central system to withdraw 7.0 million gallons per day to support the residential and commercial customers. With the current rate of growth, it is estimated that this amount of water will meet the County's needs through 2013. The Service Authority is pursuing separate initiatives to meet its long-term water demand by participating in a regional effort to supplement the groundwater with surface water and desalinated groundwater. The Service Authority placed into operation a ground desalination facility in April of 2005. The facility is designed to use reverse osmosis technology and will provide a capacity of five (5) million gallons of water per day.

The Service Authority's sewer system includes 71 pump stations with approximately 361 miles of sewer collection lines. The sewer system facilities collect and move approximately 4.4 million gallons of sewage per day for 18,500 sewer customers. The Service Authority has no sewage treatment facilities. Sewage treatment for areas served by the Service Authority, as well as for other Hampton Roads communities, is provided by the Hampton Roads Sanitation District.

FINANCIAL INFORMATION

Auditors

The firm of KPMG, LLP, Norfolk, Virginia performed the audit for the fiscal year ended June 30, 2005, and is performing the audit for the fiscal year ended on June 30, 2006, which will be final prior to closing. The audited combined financial statements and accompanying notes for the fiscal year ended June 30, 2005 are attached to this Official Statement as Appendix B.

Budgetary Process

The Code of Virginia requires the County Administrator to submit, for informative and fiscal planning purposes, a balanced, proposed operating budget to the Board at least 90 days before the beginning of each fiscal year, which commences July 1. Inclusion of any item in the proposed budget does not constitute an obligation or commitment on the part of the Board to appropriate funds for such item or purpose.

The budget includes a two-year financial plan for operations and a five-year plan for capital projects. Public hearings are conducted to obtain citizen comments. Prior to June 30, only the first year of the financial plan is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund and function level. The appropriation for each fund and function can be revised only by the Board; however, the County Administrator may amend the budget within functions. The School Board is authorized to transfer budgeted amounts within the Public Schools' categories. Supplemental appropriations may be made without amending the budget. Each department is required to review its performance versus budget on a monthly basis. In addition, a formal review of actual revenues and expenses versus budget is performed mid-year on a County-wide basis.

All County general fund appropriations lapse June 30.

Operating Budget

On May 9, 2006, the Board adopted a total budget for the fiscal year ending June 30, 2007. The adopted budget for fiscal year 2007 maintains some current programs at the prior service levels and increased or enhanced others. General governmental revenues for fiscal year 2007 are projected to increase by 16.9% over the 2006 adopted budget.

The following table shows the County's budgeted revenues and expenditures for fiscal year 2007.

REVENUES AND EXPENDITURES

	Fiscal Year 2007 Adopted	Percent of Fiscal Year 2007 Budget
REVENUES:		
General Property Taxes	\$95,436,553	61.6%
Other Local Taxes	21,355,000	13.8
Licenses, Permits and Fees	8,634,430	5.6
Fines and Forfeitures	320,000	0.2
Use of Money and Property	1,009,131	0.7
Revenue from the Commonwealth	24,429,622	15.8
Revenue from the Federal Government	5,868	0.0
Charges for Current Services	3,602,215	2.3
Miscellaneous Revenues	<u>102,100</u>	<u>0.1</u>
Total revenues	<u>\$154,894,919</u>	<u>100.00%</u>
EXPENDITURES:		
Current		
Administrative	\$1,178,893	0.8%
Elections	297,813	0.2
Human Resources	1,384,457	0.9
Financial Administration	3,954,400	2.6
General Services	5,845,947	3.8
Information Resources Management	1,959,046	1.3
Development Management	4,943,542	3.2
Judicial	2,153,037	1.4
Public Safety	19,384,692	12.5
Community Services	6,790,854	4.4
Outside Agencies	3,697,746	2.4
Nondepartmental	5,516,237	3.6
Capital Projects	8,338,790	5.4
WJCC Schools	78,921,026	51.0
Library and Arts Center	4,277,971	2.8
Other Regional Entities	2,275,461	1.5
Health Services	1,441,737	0.9
Transfer to Other Funds	<u>2,533,270</u>	<u>1.6</u>
Total expenditures	<u>\$154,894,919</u>	<u>100.00%</u>

Sources: James City County Department of Financial Management Services; Fiscal Year 2007 Adopted Budget

Accounting System

Governmental Funds - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the Commonwealth or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the Commonwealth or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt are recognized when due except for amounts due on July 1, which are accrued.

Proprietary Funds - The accrual basis of accounting is used for the Enterprise Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Fiduciary Funds - Expendable Trust Funds and Agency Funds utilize the modified accrual basis of accounting.

General Fund

The following table shows the County's governmental revenues by source and governmental expenditures by function for the last five fiscal years.

**GOVERNMENTAL REVENUES BY SOURCE AND
GOVERNMENTAL EXPENDITURES BY FUNCTION
FOR FISCAL YEAR ENDED JUNE 30**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:					
General property taxes	\$60,271,928	\$64,994,207	\$68,756,419	\$73,733,187	
Other local taxes	14,368,190	14,948,074	15,297,039	17,955,400	
Licenses, permits, fees	5,788,162	6,241,266	7,233,545	7,746,142	
Fines & forfeitures	203,714	240,353	288,221	301,204	
Use of money & property	1,216,951	880,626	563,216	849,860	
Charges for services	2,777,535	3,471,380	3,846,636	4,007,722	
Intergovernmental revenue	41,436,007	24,804,534	34,549,339	31,833,900	
Miscellaneous	<u>716,652</u>	<u>1,132,835</u>	<u>715,171</u>	<u>3,293,645</u>	
Total Revenues	<u>\$126,579,049</u>	<u>\$116,713,275</u>	<u>\$131,239,586</u>	<u>\$139,721,060</u>	
Expenditures:					
General administration	\$ 4,566,213	\$ 6,833,152	\$ 7,202,889	\$ 7,101,022	
Judicial administration	4,046,524	3,795,286	3,747,921	3,923,755	
Public safety	12,763,826	14,939,911	15,176,064	17,526,762	
Public works	3,190,367	3,437,085	3,341,281	4,218,631	
Health and welfare	5,372,821	5,814,844	6,161,651	6,314,548	
Education	58,873,941	49,505,679	52,556,412	55,459,098	
Parks, Recreation and cultural	6,998,086	7,667,379	7,886,872	8,338,914	
Community development	10,958,573	9,377,193	9,333,332	14,770,525	
Nondepartmental	831	1,105,541	720,813	997,581	
Capital Projects	9,765,828	9,619,982	13,469,974	12,611,144	
Debt service	9,573,068	13,355,138	9,300,903	10,686,133	
Storm Costs	<u></u>	<u></u>	<u>8,239,127</u>	<u>30,124</u>	
Total Expenditures	<u>\$126,110,078</u>	<u>\$125,451,190</u>	<u>\$137,137,239</u>	<u>\$141,978,237</u>	

Source: Comprehensive Annual Financial Reports of James City County

Property Taxes, Assessments and Collections

Real estate property taxes on residential and business land and buildings are based upon a tax rate per \$100 of assessed value, which is adopted by the Board during the budget process. The tax rate is then applied to the assessed value of individual property, as determined by the Real Estate Assessor during the annual assessment. The Commonwealth requires localities to assess real property at 100% of market value. The tax is due semiannually on June 5 and December 5. There is a 10% penalty for late payments, and interest at 10% is added.

Personal property taxes are assessed by the Commissioner of the Revenue on four major property categories - individual personal property, business personal property, mobile homes, and machinery and tools. The tax rates are adopted by the Board during the budget process and are currently set at \$4.00 per \$100 of assessed value for individual personal property, business personal property and machinery and tools and at \$.84 per \$100 for mobile homes. Individual and business vehicles are assessed at 100% of average loan value as determined by the National Automobile Dealers Association. Business equipment and machinery and tools are assessed at 25% of capitalized cost. Mobile homes are assessed at current market value as determined by the Virginia Mobile Home Appraisal Guide.

The following table sets forth the assessed value of all taxable property in the County for each of its ten most recent fiscal years.

HISTORICAL ASSESSED VALUE Fiscal Year 1996 to Fiscal Year 2005

Year	Real Property	Personal Property	Public Services	Total
1996	\$3,115,601,694	\$359,787,791	\$128,984,942	\$3,604,374,427
1997	3,443,111,310	391,877,787	132,276,794	3,967,265,891
1998	3,650,018,119	399,249,984	140,757,498	4,190,025,601
1999	3,901,523,500	422,071,919	140,747,498	4,464,342,917
2000	4,185,440,000	500,618,775	145,841,491	4,831,900,266
2001	4,585,882,700	583,751,601	150,801,630	5,320,435,931
2002	4,983,279,400	599,119,465	163,054,266	5,745,453,131
2003	5,457,560,000	602,841,268	165,415,976	6,225,817,244
2004	6,024,565,600	614,647,310	163,577,218	6,802,790,128
2005	6,781,199,400	639,376,935	154,833,875	7,575,410,210

Source: Real Estate Assessments and Commissioner of the Revenue, James City County

The following table shows the County's property tax rates for each of its ten most recent fiscal years.

PROPERTY TAX RATES⁽¹⁾

Fiscal Year	Real Estate	Personal Property	Assessed % NADA Loan Value
1996	\$0.840	\$4.00	100%
1997	0.870	4.00	100
1998	0.870	4.00	100
1999	0.870	4.00	100
2000	0.870	4.00	100
2001	0.870	4.00	100
2002	0.870	4.00	100
2003	0.870	4.00	100
2004	0.860	4.00	100
2005	0.825	4.00	100
2006	0.785	4.00	100
2007	0.770	4.00	100

¹ Per \$100 of assessed value.

Source: James City County, Virginia, Comprehensive Annual Financial Report, Year Ended June 30, 2006 (unaudited)

The following table sets forth information concerning the County's general property tax collection rate for each of its ten most recent fiscal years.

GENERAL PROPERTY TAX COLLECTION RATE
Fiscal Year 1997 to Fiscal Year 2006

Fiscal Year	Total Tax Levy¹	Current Tax Collections^{1, 2}	Percent of Levy Collections	Delinquent Tax Collections¹	Total Tax Collection	Total Tax Collections To Tax Levy
1997	\$41,352,732	\$40,582,157	98.14%	\$ 966,829	\$ 41,548,986	100.47%
1998	81,439,140	68,714,888	84.38	1,013,929	69,728,817	85.62
1999	50,734,620	48,930,720	96.44	2,506,269	51,436,989	101.38
2000	59,403,454	56,096,069	94.43	1,765,480	57,861,549	97.40
2001	64,782,011	61,581,853	95.06	1,913,905	63,495,758	98.01
2002	66,574,122	65,456,146	98.32	1,916,554	67,372,700	101.20
2003	72,770,254	71,037,857	97.62	2,563,632	73,601,489	101.14
2004	77,632,358	75,152,542	96.81	2,403,245	77,555,787	99.90
2005	82,556,220	79,820,882	96.69	2,366,403	82,187,285	99.55
2006						

¹ Exclusive of penalties and interest

² Includes funds received by County from Commonwealth pursuant to Personal Property Tax Relief Act

Source: Treasurer, James City County.

The following table sets forth the County's 12 largest taxpayers of *ad valorem* real property taxes. The aggregate assessed property taxes of the 12 largest taxpayers represents 13.10% of the County's total real property tax levy for fiscal year 2006.

12 LARGEST TAXPAYERS
(Fiscal Year 2006)

Name of Business	2006 Property Taxes Assessed	% of Country Total
Anheuser-Busch, Inc.	\$4,632,950	4.98%
Busch Entertainment Corp.	1,370,299	1.47
Wal-Mart, Inc.	980,477	1.05
Powhatan Plantation Owners Association	798,915	0.86
Busch Properties, Inc.	723,669	0.78
Ball Metal	613,747	0.66
Virginia Electric & Power Company	611,378	0.66
Williamsburg Landing, Inc.	555,316	0.60
Williamsburg Outlets, LLC	546,993	0.59
Manor Houses Association	486,331	0.52
Owens-Brockway	433,873	0.47
Williamsburg Plantation Owners Association	<u>431,702</u>	<u>0.46</u>
Total	<u>\$12,185,650</u>	<u>13.10%</u>

Source: Commissioner of the Revenue, James City County

Capital Improvements Program

As a part of the annual budgeting process, each year the County develops a Capital Improvements Program ("CIP") for the following five fiscal years. Only the first year of the CIP is actually appropriated. The remaining four years are included for planning purposes and are subject to revision in future years.

On May 9, 2006, the Board approved the CIP for fiscal years 2007 through 2011. The following table summarizes anticipated capital expenditures for the next five fiscal years.

SUMMARY OF ANTICIPATED CAPITAL EXPENDITURES
FOR FISCAL YEARS ENDING JUNE 30

Description	2007	2008	2009	2010	2011	TOTAL
Development Management	\$ 2,775,524	\$ 2,113,698	\$ 2,317,592	\$ 1,941,126	\$ 2,880,000	\$ 12,027,940
Parks and Recreation	1,024,976	2,479,618	2,525,406	1,410,000	1,705,000	9,145,000
General Services	666,161	0	0	2,400,000	9,300,000	12,366,161
Public Safety	1,614,648	1,655,000	11,502,240	2,085,000	2,000,000	18,856,888
School Projects	11,174,251	78,292,898	5,090,145	4,449,546	4,333,305	103,340,145
Other	<u>810,000</u>	<u>770,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>3,680,000</u>
Total Expenditures	<u>\$18,065,560</u>	<u>\$85,311,214</u>	<u>\$22,135,383</u>	<u>\$12,985,672</u>	<u>\$20,918,305</u>	<u>\$159,416,134</u>

Source: James City County Department of Financial and Management Services

The sources of funding for the capital improvement projects are shown in the following table:

Sources of Funds	2007	2008	2009	2010	2011	TOTAL
General Fund Contribution	\$ 8,338,790	\$ 7,186,210	\$ 8,715,383	\$ 9,365,672	\$ 9,998,305	\$ 43,604,360
General Fund Year End	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000	12,000,000
Proffer Revenue	500,000	500,000	500,000	500,000	500,000	2,500,000
Other Revenues	522,500	511,500	520,000	520,000	520,000	2,594,000
School Debt	6,704,270	74,913,504	0	0	0	81,617,774
Public Safety Building Debt	0	0	10,000,000	0	0	10,000,000
New Library Debt	0	0	0	0	7,100,000	7,100,000
Total	<u>\$18,065,560</u>	<u>\$85,311,214</u>	<u>\$22,135,383</u>	<u>\$12,985,672</u>	<u>\$20,918,305</u>	<u>\$159,416,134</u>

Source: James City County Department of Financial and Management Services

Outstanding Bonded Debt and Debt Service

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991 (Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended), a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the county is required to levy, if necessary, an annual *ad valorem* tax on all property in the county subject to local taxation. Although the amount of bonds issued by Virginia counties is not subject to statutory limitation, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes and sold to the Literary Fund, the Virginia Supplemental Retirement System or other state agencies prescribed by law, including the Virginia Public School Authority. The County's obligations under the Lease do not constitute general obligation debt under the Constitution of Virginia or the Public Finance Act of 1991.

Set forth below is a statement of long-term general obligation and major capital lease indebtedness of the County at June 30, 2006 and a schedule of debt service payments:

STATEMENT OF LONG-TERM DEBT

Total Long-Term Debt as of June 30, 2006	\$140,887,849
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SCHEDULE OF GENERAL FUND LONG-TERM

DEBT SERVICE REQUIREMENTS

Fiscal Year	Outstanding Long-Term Obligations As of December ____, 2006			2006 General Obligation Bond Debt Service			2006 Lease Revenue Bonds Debt Service			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2007	<u>\$8,702,830</u>	<u>\$6,165,150</u>	<u>\$14,867,980</u>							
2008	<u>8,459,384</u>	<u>5,820,278</u>	<u>14,279,662</u>							
2009	<u>8,578,062</u>	<u>5,472,635</u>	<u>14,050,697</u>							
2010	<u>9,267,027</u>	<u>5,114,152</u>	<u>14,381,179</u>							
2011	<u>8,568,162</u>	<u>4,723,014</u>	<u>13,291,176</u>							
2012	<u>8,440,417</u>	<u>4,380,232</u>	<u>12,820,649</u>							
2013	<u>8,515,867</u>	<u>4,013,856</u>	<u>12,529,723</u>							
2014	<u>8,621,300</u>	<u>3,616,968</u>	<u>12,238,268</u>							
2015	<u>9,012,400</u>	<u>3,208,027</u>	<u>12,220,427</u>							
2016	<u>9,070,400</u>	<u>2,802,316</u>	<u>11,872,716</u>							
2017	<u>6,471,000</u>	<u>2,439,180</u>	<u>8,910,180</u>							
2018	<u>6,803,000</u>	<u>2,100,663</u>	<u>8,903,663</u>							
2019	<u>5,538,000</u>	<u>1,789,061</u>	<u>7,327,061</u>							
2020	<u>4,440,000</u>	<u>1,505,934</u>	<u>5,945,934</u>							
2021	<u>3,065,000</u>	<u>1,331,656</u>	<u>4,396,656</u>							
2022	<u>3,185,000</u>	<u>1,197,681</u>	<u>4,382,681</u>							
2023	<u>3,330,000</u>	<u>1,048,078</u>	<u>4,378,078</u>							
2024	<u>3,485,000</u>	<u>890,421</u>	<u>4,375,421</u>							
2025	<u>3,645,000</u>	<u>724,828</u>	<u>4,369,828</u>							
2026	<u>3,815,000</u>	<u>550,700</u>	<u>4,365,700</u>							
2027	<u>2,295,000</u>	<u>404,063</u>	<u>2,699,063</u>							
2028	<u>2,410,000</u>	<u>286,438</u>	<u>2,696,438</u>							
2029	<u>2,530,000</u>	<u>170,844</u>	<u>2,700,844</u>							
2030	<u>2,640,000</u>	<u>57,750</u>	<u>2,697,750</u>							
Total	<u><u>\$140,887,849</u></u>	<u><u>\$59,813,923</u></u>	<u><u>\$200,701,772</u></u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

*Note: Unaudited

The following table shows the County's ratio of net general bonded debt to assessed value of property and net bonded debt per capita for the last ten fiscal years.

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA⁽¹⁾

Fiscal Year	Population	Assessed Value	Gross Bonded Debt⁽²⁾⁽³⁾	Less Debt Service Monies Available	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt Per Capita
1997	44,019	\$3,967,265,891	\$86,562,168	\$9,042,174	\$77,519,994	1.95%	\$1,761
1998	45,998	4,190,025,601	82,453,641	8,845,164	73,608,477	1.76	1,600
1999	47,451	4,464,342,917	96,974,872	9,274,567	87,700,305	1.96	1,848
2000	47,445	4,831,900,266	93,514,706	9,562,069	83,952,637	1.74	1,769
2001	49,256 ⁽⁴⁾	5,320,435,931	88,685,429	9,791,477	78,893,952	1.48	1,602
2002	50,858	5,745,453,131	83,781,382	9,573,068	74,208,314	1.29	1,459
2003	52,303	6,225,817,244	80,537,541	9,686,080	70,851,461	1.14	1,355
2004	53,952	6,802,790,128	75,247,759	9,300,903	65,946,856	0.97	1,222
2005	56,463	7,575,410,210	109,465,708	10,686,133	98,719,575	1.30	1,749
2006							

¹ Source: Population figures were obtained from the Weldon Cooper Center for Public Service at the University of Virginia and James City County Planning Department; all other figures are from the James City County Comprehensive Annual Financial Report for June 30, 2005

² Includes all long-term general obligation bonded debt, bond anticipation notes and Literary Fund loans

Includes general obligation debt payable from enterprise revenues

The population estimate formula was revised in 2000 to reflect information from the 2000 census.

Other Indebtedness and Obligations

The County has no overlapping debt. It entered into a \$14,500,000 capital lease obligation to finance an 800 MHz radio system. The Williamsburg-James City County School Board, which is a component unit of the County according to the Government Accounting Standards Board, had no outstanding capitalized leases as of June 30, 2006.

The County is one of four localities that is a member of the Virginia Peninsula Regional Jail Authority. That Authority has issued its \$21,655,000 Regional Jail Facility Revenue Refunding Bonds, Series 2003. The County has a moral, but not legally binding, obligation (subject to appropriation by the Board) to pay 42% of any shortfall if such Authority is unable to pay debt service on such bonds or to fund the debt service reserve for such bonds. The County does not anticipate that it will be requested to make any such moral obligation payments.

The County closed its landfill in 1994. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 10 to 30 years after closure. The County's financial statements for the fiscal year ended June 30, 2006 (unaudited) show \$553,898 as landfill postclosure liability, which represents the liability estimated to monitor the landfill for an average monitoring period of 20 years. See note 11 of the County's audited financial statements in Appendix B for a more complete description of the County's landfill closure and postclosure care cost.

Retirement Systems

The County, the James City Service Authority and the Williamsburg-James City County Public Schools contribute to the Virginia Retirement System ("VRS"), an agent multiple-employer defined benefit pension plan.

All full-time, salaried permanent employees of the County, the Service Authority and the Public Schools must participate in the VRS. Plan members are required to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employers. In addition, the County, the Service Authority and

the Public Schools are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. The employer contribution rates for the fiscal year ended June 30, 2006 were 12.5%, 6.5% and ___% of annual covered payroll for the County, the Service Authority and the Public Schools, respectively, resulting in contributions of \$3,779,383, \$213,038 and \$_____, respectively.

See note 12 of the County's audited financial statements in Appendix B for a more complete description of the County's defined pension benefit obligation.

Post-Employment Benefits Other Than Pensions

The Governmental Accounting Standards Board (GASB) has adopted a new Statement #45 entitled "Accounting and Financial Reporting by Employers for Post-Retirement Benefits other than Pensions" that requires localities to recognize the post-retirement benefits other than pensions (such as healthcare and related costs) that localities have agreed to provide their retired employees. The County will be required to implement GASB Statement #45 and incorporate such information into its financial statements beginning in fiscal year 20___. Decisions made by the Board of Supervisors in the future could change the amount of the Unfunded Actuarial Accrued Liability at the time statement implementation is required.

Published Financial Information

The County issues and distributes a Comprehensive Annual Financial Report on its financial operations for each fiscal year. The report covers the fiscal year ending the prior June 30. In addition to the Comprehensive Annual Financial Report, the County also annually publishes an Adopted Budget and a five-year Capital Improvements Program. Copies of the Comprehensive Annual Financial Report, Adopted Budget and Capital Improvements Program are available to the public upon request from the Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** dated as of December 1, 2006 (the "Disclosure Certificate"), is executed and delivered by the County of James City, Virginia (the "County"), in connection with the issuance by the Economic Development Authority of James City County, Virginia (the "Authority") of its \$ _____ Lease Revenue Bonds (Public Facility Projects) Series 2006 (the "2006 Bonds"). The County hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the 2006 Bonds (the "Bondholders") and in order to assist the purchasers of the 2006 Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") by providing certain annual financial information and material event notices required by the Rule (collectively, "Continuing Disclosure").

Section 2. Annual Disclosure.

(a) The County shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the County, prepared in accordance with generally accepted accounting principles; and

(ii) certain financial and operating data with respect to the County of the type described in Appendix A of the Authority's Official Statement dated December __, 2006, under the tables entitled: "GOVERNMENTAL REVENUES BY SOURCE AND GOVERNMENTAL EXPENDITURES BY FUNCTION," "HISTORICAL ASSESSED VALUE," "PROPERTY TAX RATES," "GENERAL PROPERTY TAX COLLECTION RATE," and "RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA."

If the financial statements filed pursuant to Section 2(a) are not audited, the County shall file such statements as audited when available.

(b) The County shall provide annually the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") within 270 days after the end of the County's fiscal year, commencing with the County's fiscal year ending June 30, 2006, to each nationally recognized municipal securities information repository ("NRMSIR"), and to the appropriate state information depository, if any then exists ("SID").

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the SID or filed with the SEC; *provided*, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the "MSRB").

(d) The County shall provide in a timely manner to each NRMSIR or the MSRB and to the SID notice specifying any failure of the County to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The County shall provide in a timely manner to each NRMSIR or the MSRB and to the SID notice of the occurrence of any of the following events with respect to the 2006 Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;

- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the 2006 Bonds;
- (g) modifications to rights of Bondholders;
- (h) bond calls;
- (i) defeasance of all or any portion of the 2006 Bonds;
- (j) release, substitution, or sale of property securing repayment of the 2006 Bonds; and
- (k) rating changes.

Section 4. Termination. The obligations of the County will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all of the 2006 Bonds.

Section 5. Amendment. The County may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Certificate as so modified complies with the Rule as it exists at the time of modification. The County shall within a reasonable time thereafter send to each NRMSIR and the SID a description of such modification(s).

Section 6. Defaults.

(a) If the County fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Certificate, any holder (within the meaning of the Rule) of 2006 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the County to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Certificate (i) shall not be deemed to constitute an event of default under the 2006 Bonds or the Indenture, as defined in the 2006 Bonds, and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Additional Disclosure; Alternate Filing Location. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County shall not incur any obligation to continue to provide, or to update, such additional information or data.

Any filing under this Disclosure Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 8. Counterparts. This Disclosure Certificate may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9. Governing Law. This Disclosure Certificate shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

COUNTY OF JAMES CITY, VIRGINIA

By _____

Name: Sanford B. Wanner

Title: County Administrator

101-C Mounts Bay Road

P. O. Box 8784

Williamsburg, Virginia 23187

Telephone: (757) 253-6607

Facsimile: (757) 253-6833

APPENDIX D

**PROPOSED FORM OF OPINION OF
TROUTMAN SANDERS LLP,
AS BOND COUNSEL**

TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W

TROUTMAN SANDERS BUILDING

1001 HAXALL POINT

RICHMOND, VIRGINIA 23219

www.troutmansanders.com

TELEPHONE: 804-697-1200

FACSIMILE: 804-697-1339

MAILING ADDRESS P.O. BOX 1122 RICHMOND, VIRGINIA 23218-1122

December __, 2006

Economic Development Authority of
James City County, Virginia
101-C Mounts Bay Road
Williamsburg, Virginia 23185

U.S. Bank National Association, as Trustee
919 East Main Street
Richmond, Virginia 23219

\$ _____

**Economic Development Authority of James City County, Virginia
Lease Revenue Bonds
(Public Facility Projects)
Series 2006**

We have served as bond counsel in connection with the issuance by the Economic Development Authority of James City County (the "Authority") of its \$ _____ Lease Revenue Bonds (Public Facility Projects), Series 2006 (the "Bonds") pursuant to the Indenture of Trust relating to the Bonds, dated as of December 1, 2006 (the "Indenture"), between the Authority and U.S. Bank National Association, as Trustee (the "Trustee").

In connection with our opinion, we have examined the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), and certified copies of proceedings and other papers relating to the issuance and sale by the Authority of the Bonds, including a resolution adopted by the Authority on November 16, 2006, approving the issuance of the Bonds (the "Bond Resolution"). We have also examined the Basic Documents as defined in the Indenture (the "Documents").

We refer you to the Bonds and the Documents for a description of the terms of the Bonds, the purposes for which the Bonds are issued and the security therefor.

As to questions of fact material to our opinion, we have relied upon representations of, and assumed compliance with, covenants by the Authority and James City County, Virginia (the "County") contained in the Documents, certificates of public officials furnished to us, and certificates of representatives of the Authority and the County, including representations, covenants and certifications as to the use of the proceeds from the sale of the Bonds, compliance with the arbitrage reporting and rebate requirements, the ownership and use by governmental units of the projects financed with the Bonds and other factual matters which are relevant to the opinion expressed in paragraph 6 below, in each case

December __, 2006
Page 2

without undertaking any independent verification. We have no reason to believe that such representations and certifications are incomplete or incorrect.

Based on the foregoing, we are of the opinion, as of the date hereof, that:

1. The Authority is a political subdivision of the Commonwealth of Virginia and is duly organized and validly existing under the Act.

2. The Authority has all requisite authority and power under the Act to adopt the Bond Resolution, to enter into and perform its obligations under the Documents and the Bonds, and to issue the Bonds.

3. The Bonds have been duly authorized and issued in accordance with the Act and the Indenture and, subject to paragraph 5 below, constitute valid, binding and enforceable limited obligations of the Authority, payable as to principal, premium, if any, and interest solely from the Basic Rent and other funds pledged under the Documents. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the County and the Authority, is obligated to pay the principal of the Bonds, the premium, if any, or interest thereon or other costs incident thereto except from the revenues and receipts pledged therefor.

4. The Documents have been duly authorized, executed and delivered by the Authority and, subject to paragraph 5 below, constitute valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms. The Bond Resolution has been duly adopted by the Authority and is in full force and effect in the form adopted.

5. The obligations of the Authority under the Bonds and under the Documents are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions of such documents may be unenforceable pursuant to court decisions invalidating such indemnity provisions on grounds of applicable securities laws or public policy.

6. Under existing law, interest, including accrued original issue discount ("OID"), on the Bonds is not included in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that such interest will be included in computing an adjustment used in determining the alternative minimum tax on certain corporations (as defined for federal income tax purposes). The opinions set forth in this paragraph are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest, including accrued OID, thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest, including accrued OID, on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the case of Bonds maturing on June 15 in the years ____ through ____ (collectively, the "OID Bonds"), the difference between (a) the stated principal amount of each maturity of the OID Bonds and (b) the initial offering price to the public (excluding bond houses and brokers) at which a

December __, 2006
Page 3

substantial amount of such maturity of OID Bonds is sold will constitute OID; OID will accrue for federal income tax purposes on a constant yield-to-maturity method; and a holder's basis in such OID Bond will be increased by the amount of OID treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond. The adjusted basis will be used to determine taxable gain or loss upon disposition (including redemption or payment at maturity).

We express no opinion regarding other collateral federal tax consequences arising with respect to the Bonds.

7. Under existing law, interest, including accrued OID, on the Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof.

Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such legal proceedings and documents as we deem necessary to make the statements herein contained and to approve the validity of the Bonds and the tax-exempt status of the interest thereon. We have not examined any documents or other information concerning the business, operations or financial condition of the County, and, therefore, we express no opinion as to the accuracy or completeness of any such information that may have been relied upon by the owners of the Bonds in making their decision to purchase such Bonds.

Very truly yours,

APPENDIX E

NOTICE OF BOND SALE [TO COME]

1548661v23

Input:	
Document 1	iManageDeskSite://ricdms01/Richmond01/1548661/2
Document 2	iManageDeskSite://RICDMS01/Richmond01/1548661/3
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Legend:	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	81
Deletions	4
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	85

1549002

Notice of Bond Sale
Economic Development Authority of James City County, Virginia
\$106,000,000*
Lease Revenue Bonds (Public Facility Projects), Series 2006

Time and Place of Sale. Electronic bids via the BiDCOMP/Parity Competitive Bidding System (“BiDCOMP/Parity”) will be received until

11:00 a.m., Richmond, Virginia time, on Wednesday, December __, 2006

(subject to postponement as described below) and will be publicly viewed at that time at the office of Davenport & Company LLC, 901 East Cary Street, 11th Floor, Richmond, Virginia 23219, as the Financial Advisor (the “Financial Advisor”) to the County of James City, Virginia (the “County”), for the purchase of the \$106,000,000* Lease Revenue Bonds (Public Facility Projects), Series 2006 (the “Bonds”) being issued on behalf of the County by the Economic Development Authority of James City County, Virginia. Award or rejection of bids will be made by the County Administrator on behalf of the Board of Supervisors of the County (the “Board”) and the Authority on such date. No bids will be accepted by hand, by facsimile transmission or by any means other than BiDCOMP/Parity. Instructions on how to submit a bid via BiDCOMP/ Parity are provided for the convenience of prospective bidders in an Attachment to this Notice of Bond Sale.

Description of Bonds; Authorization; Security. The Bonds will finance a portion of the costs of the construction and equipping of two new elementary schools and a new middle school and the renovation of Stonehouse Elementary School (together, the “Project”). The issuance of such Bonds was approved by the Board on November 14, 2006 and by the Authority on November 16, 2006. The Bonds will be limited obligations of the Authority, payable primarily from certain lease payments to be made by the Williamsburg-James City County School Board (the “School Board”) to the Authority pursuant to a Lease Agreement dated as of December 1, 2006 (the “Lease”) between the School Board and the Authority. **The obligation of the School Board to make rental payments under the Lease will be subject to annual appropriations by the School Board and the Board, and the School Board and the Board will not be under any legal obligation to make such appropriations. The Bonds and the interest on them shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia (the “Commonwealth”) or any of its political subdivisions, including the Authority and the County. Neither the Commonwealth nor any of its political subdivisions, including the Authority and the County, shall be obligated to pay the principal of, premium, if any, and interest on the Bonds or other costs incident to them except from the revenues and receipts pledged for such purpose. Neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions, including the Authority and the County, is pledged to the payment of the principal of, premium, if any, and interest on the Bonds or other costs incident to them. The Authority has no taxing power.**

[ADDRESS INSURANCE, IF TO BE OBTAINED]

Form of the Bonds. The Bonds will be dated the date of their issuance, and will be issued as fully registered bonds, in denominations of \$5,000 and multiples thereof. Interest on the Bonds will be payable on each June 15 and December 15, beginning June 15, 2007. Principal of, premium, if any, and interest on the Bonds will be paid by SunTrust Bank, Richmond, Virginia, as trustee (the “Trustee”) under the Indenture of Trust dated as of December 1, 2006 (the “Indenture”) between the Authority and the Trustee. Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to The Depository Trust Company, New York, New York (“DTC”) or its nominee, as registered owner of the Bonds and will be distributed to beneficial owners of the Bonds as described in the section “Book-Entry Only System” below. Interest on the Bonds shall be calculated on the basis of a 360-day year with twelve 30-day months.

* Preliminary, subject to change

The Bonds will mature in installments, or have mandatory sinking fund installments, on June 15 in the years and amounts as follows:*

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2007	\$	2014	\$	2021	\$
2008		2015		2022	
2009		2016		2023	
2010		2017		2024	
2011		2018		2025	
2012		2019		2026	
2013		2020			

Provision for Term Bond Maturities. Bidders may provide that all the Bonds be issued as serial bond maturities or that any two or more consecutive annual principal amounts may be combined into up to three term bond maturities, with annual mandatory sinking fund redemptions in amounts as provided above. Term bond maturities with overlapping sinking fund redemptions or sinking fund redemptions that overlap serial bond maturities will not be permitted.

Book-Entry Only System. The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. The book-entry system will evidence beneficial ownership of the Bonds in principal amounts of \$5,000 or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, premium, if any, and interest payments received by DTC to participants of DTC will be the responsibility of DTC; transfer of such payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Authority, the County nor the Trustee will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines (a) to select a new securities depository, or (b) that beneficial owners of the Bonds should be able to obtain certificated Bonds, the County will discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County will cause the Authority to provide for the preparation, execution, authentication and delivery of replacement Bonds in the form of registered certificates.

Optional Redemption. Bonds maturing on or before June 15, 2016 are not subject to optional redemption prior to maturity. Bonds maturing on or after June 15, 2017, are subject to redemption prior to maturity at the option of the School Board at the direction of the County at any time on or after June 15, 2016, in whole or in part, in any integral multiple of \$5,000, upon payment of 100% of the principal amount of Bonds to be redeemed plus interest accrued and unpaid to the redemption date.

Mandatory Sinking Fund Redemptions. If the successful bidder designates any consecutive annual principal amounts to be combined into up to three term bond maturities, each such term bond maturity shall be subject to mandatory sinking fund redemption, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, commencing on June 15 of the first year which has been combined to form such term bond maturity and continuing on June 15 of each year thereafter until the stated maturity date of that term bond maturity. The amount subject to mandatory sinking fund redemption in any year shall be equal to the principal amount for such year specified above in the section "Form of the Bonds."

Extraordinary Redemption. The Bonds are required to be redeemed prior to maturity, in whole or in part at any time, upon payment of a redemption price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, from and only to the extent of funds on deposit with the Trustee and available for such purpose, in the event the School Board (at the direction of the County) elects not to use proceeds from any insurance recovery or condemnation award to restore the Project or any integral portion thereof under circumstances involving (A) loss of title

* Preliminary, subject to change

to all or any integral portion of the Project, (B) condemnation of all or any integral portion of the Project or sale in lieu thereof, or (C) damage to all or any integral portion of the Project resulting from fire or other casualty loss.

Notice of Redemption. Notice of redemption will be given by facsimile, registered or certified mail or overnight courier to DTC or its nominee as the registered owner of the Bonds. Such notice will be mailed not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee will not be responsible for mailing notices of redemption to any one other than DTC or its nominee unless no qualified securities depository is the registered owner of the Bonds. A notice of optional redemption or extraordinary redemption may be conditioned upon the occurrence of future events, including the availability of funds to effect the redemption on the redemption date. If such conditions are not satisfied, the School Board (at the direction of the School Board) may rescind the redemption.

Bidding Rules; Award. Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%. Each bidder must specify in its bid the amount and the maturities of Bonds of each rate, and the Bonds maturing on the same date must bear interest at the same rate. Any number of interest rates may be named; *provided* that (1) for all Bonds, the highest interest rate may not exceed the lowest by more than 300 basis points (3%) and (2) no interest rate for any maturity may exceed 6%.

No bid for less than all of the Bonds offered or for less than 98% or for more than 108% of par will be considered. The right to reject any or all bids and to waive irregularities in any bid is hereby reserved. Unless all bids are rejected, the Bonds will be awarded to the bidder offering to purchase the Bonds at the lowest “true” or “Canadian” interest cost, such cost to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the payments of the principal of and the interest on the Bonds from their payment dates to the dated date and to the price bid. If more than one bid offers the same lowest true (Canadian) interest cost (out to five (5) decimal places), the successful bid will be selected by lot. Each bidder shall include in its bid a statement of the true (Canadian) interest cost offered in its bid, but this statement shall not be deemed a part of the bid. An award of the Bonds, if made, will be made by the Authority by 3:00 p.m., Richmond, Virginia time, on the date of receipt of bids. ALL BIDS SHALL REMAIN FIRM UNTIL 3:00 P.M., RICHMOND, VIRGINIA TIME, ON THE DATE OF RECEIPT OF BIDS.

Proposals for the Bonds shall not be conditioned upon obtaining insurance or any other credit enhancement. If a bidder proposes to obtain a policy of municipal bond insurance, any such purchase of insurance or commitment therefor shall be at the sole option and expense of the bidder and the bidder must pay any increased costs of issuance of the Bonds as a result of such insurance. Any failure by the bidder to obtain such a policy of insurance shall not in any way relieve such bidder of its contractual obligations arising from acceptance of its proposal for the purchase of the Bonds.

Electronic Bidding and Bidding Procedures.

Registration to Bid. All prospective bidders must be contracted customers of i-Deal’s BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP/Parity, call (212) 404-8102 to become a customer. By submitting a bid for the Bonds, a prospective bidder represents and warrants to the Authority and the County that such bidder’s bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. By registering to bid for the Bonds, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Bond Sale shall conflict with information provided by i-Deal as approved provider of electronic bidding services, this Notice of Bond Sale shall control. Further information about i-Deal and BiDCOMP/Parity, including qualification, registration, rules and any fee charged, may be obtained from i-Deal, (212) 404-8102 or i-dealprospectus.com.

Bidding Procedures. Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Economic Development Authority of James City County, Virginia All or None Bid Form (the “Bid Form”) via

BiDCOMP/Parity. Bids must be communicated electronically to BiDCOMP/Parity in the office of the Financial Advisor not later than 11:00 A.M., RICHMOND, VIRGINIA TIME, on Wednesday, December __, 2006 unless postponed as described herein (see "Adjustment of Aggregate Principal Amount/Adjustment of Annual Principal Payments/Change in Optional Redemption Provisions/ Postponement"). Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP/ Parity. Once the final bid has been saved in BiDCOMP/Parity, select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via Parity to the Financial Advisor, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Authority, as described under "Bidding Rules; Award" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above. For detailed instructions on submitting a bid via BiDCOMP/Parity, refer to the Attachment to this Notice of Bond Sale.

ALL MEMBERS OF THE UNDERWRITING GROUP MUST BE LISTED AS PART OF THE BID.

Disclaimer. Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity as described in the Attachment to this Notice of Bond Sale. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Bond Sale. Neither the Authority, the County nor i-Deal shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Authority, the County nor i-Deal shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by i-Deal. The Authority is using BiDCOMP/Parity as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Bonds. Neither the Authority nor the County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Bond Sale and in particular the "Bidding Rules; Award" set forth above. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and neither the Authority nor the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone i-Deal and notify the County's Financial Advisor by facsimile at (804) 697-2910. After receipt of bids is closed, the Authority, through BiDCOMP/Parity will indicate the apparent successful bidder by 3:00 p.m., Richmond, Virginia time, on the date of receipt of bids. Such message is a courtesy only for viewers, and does not constitute the award of the Bonds. Each bid will remain subject to review by the Authority and the County to determine its true interest cost rate and compliance with the terms of this Notice of Bond Sale and to award the Bonds.

Good Faith Deposit. A good faith deposit (the "Deposit"), in the form of a Financial Surety Bond, in the amount of one percent of the final par amount of the Bonds, is required for each bid to be considered. The Financial Surety Bond must be from an insurance company acceptable to the Authority and licensed to issue such a bond in the Commonwealth of Virginia. Such Financial Surety Bond must be submitted to the Authority no later than 5:00 P.M., RICHMOND, VIRGINIA TIME, on the day prior to the sale. The Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. The successful bidder is required to submit its Deposit to the Authority in the form of a wire transfer not later than 12:00 NOON, RICHMOND, VIRGINIA TIME, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Authority to satisfy the Deposit requirement. The Deposit of the successful bidder will be deposited and credited to the purchase price and no interest will be allowed thereon. The Deposit will secure the Authority and the County against any loss resulting from the failure of the successful bidder to comply with the terms of its bid. In the event the successful bidder shall fail to comply with the terms of the bid, the proceeds will be retained as and for full liquidated damages.

Certificate of Winning Bidder. The successful bidder must, by facsimile transmission or overnight delivery received by the Financial Advisor within 24 hours after receipt of bids for the Bonds, furnish the following information to complete the Official Statement in final form, as described below:

- A. The offering prices for the Bonds (expressed as the price or yield per maturity).
- B. Underwriter's discount (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields described in Subpart A above).
- C. The identity of the underwriters if the successful bidder is a part of a group or syndicate.
- D. Any other material information regarding the offering of the Bonds necessary to complete the Official Statement in final form but not known to the Authority.

Prior to delivery of the Bonds, the successful bidder shall furnish to the Authority a certificate, in form acceptable to Troutman Sanders LLP, Richmond, Virginia, bond counsel to the County ("Bond Counsel"), to the effect that the successful bidder has made a bona fide public offering of the Bonds at the initial public offering prices set forth in such certificate and that a substantial amount of the Bonds of each maturity were sold to the public (excluding bond houses, brokers and other intermediaries) at such initial public offering prices. Such certificate shall state that: (1) it is made on the best knowledge, information and belief of the successful bidder; and (2) 10% or more in par amount of the Bonds of each maturity was sold to the public at the initial public offering prices. The Authority expects the successful bidder to deliver copies of the Official Statement in final form (the "final Official Statement") to persons to whom such bidder initially sells the Bonds, the Municipal Securities Rulemaking Board ("MSRB") and to the nationally recognized municipal securities information repositories ("NRMSIRs"). The successful bidder will be required to acknowledge receipt of such final Official Statement, to certify that it has made delivery of the final Official Statement to such repositories, to acknowledge that the Authority expects the successful bidder to deliver copies of such final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the final Official Statement and only in states where the offer is legal.

In the event that the successful bidder has on its own obtained a commitment for a municipal bond insurance policy or other credit enhancement, the Authority shall indicate in the final Official Statement those maturities that the successful bidder has informed the Authority for which credit enhancement is being sought. The Authority will also indicate within the final Official Statement that further information concerning such potential credit enhancement may be obtained through the successful bidder.

If the successful bidder obtains a municipal bond insurance policy or other form of credit enhancement, at the same time it provides the initial reoffering prices and yields it shall advise the Authority of the cost of such credit enhancement and whether it will provide to the Authority, at or before the closing of the Bonds, a certificate certifying that (i) the present value of the fees paid for such credit enhancement are less than the present value of the interest reasonably expected to be saved as a result of obtaining such credit enhancement, using the yield on the Bonds (determined with regard to the payments for such credit enhancement) as the discount factor for this purpose, and (ii) to the best of its knowledge, such fees were obtained in arm's length negotiations and do not exceed a reasonable charge for the transfer of credit risk. In addition, the successful bidder will cooperate with the Authority to obtain the necessary certifications from the credit enhancement provider. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Bonds.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. The expense of assignment and printing of CUSIP numbers will be paid by the County. It shall be the obligation of the successful bidder to furnish to DTC an underwriter questionnaire and to the Authority the CUSIP numbers for the Bonds within two business days following the date of award.

Legal Opinion and Tax Exemption. The approving opinion of Bond Counsel with respect to the Bonds will be furnished to the successful bidder at the expense of the County and will state that the Bonds constitute valid and binding limited obligations of the Authority, as described above in “Description of Bonds; Authorization; Security.”

The Official Statement relating to the Bonds contains a discussion of the effect of the Internal Revenue Code of 1986, as amended, on the exclusion from gross income for federal income tax purposes of interest on the Bonds and a discussion of the opinion of Bond Counsel insofar as it concerns such exclusion.

Delivery of Bonds. The Bonds will be delivered, properly executed, at the expense of the County through DTC in New York, New York, on or about December __, 2006, upon payment therefor in Federal Funds of the amount of the successful bid (taking into account any premium), *minus* the amount of the good faith Deposit.

The usual closing papers will also be furnished, including (1) a certificate signed by appropriate County officials stating that no litigation is then pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the application of proceeds of the Bonds as provided in the Indenture or the collection of revenues pledged under the Indenture, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds or the validity of the Indenture, the Lease or the other financing documents, or (c) affecting the construction, development or operation of the Project, and (2) a certificate signed by appropriate County officials relating to the Official Statement.

Official Statement. The Authority will furnish to the successful bidder at the expense of the County a reasonable number of copies of the final Official Statement within seven (7) business days from the date of the award of sale, provided that minor delays in furnishing such final Official Statement will not be a basis for failure to pay for or accept delivery of the Bonds. Additional copies will be made available at the successful bidder’s request and expense. Neither the Authority nor the County assumes any responsibility or obligation for the distribution or delivery of any copies of the Official Statement to any one other than the successful bidder. The Authority has deemed the Preliminary Official Statement to be final as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), except for the omission of certain pricing and other information allowed to be omitted pursuant to the Rule.

The successful bidder agrees to provide one copy of the Official Statement to at least one Nationally Recognized Municipal Securities Information Repository (“NRMSIR”) within the meaning of the Rule upon receipt of the Official Statement from the Authority and two copies of the Official Statement (with any required forms) to the MSRB or its designee no later than ten business days following December __, 2006. The successful bidder shall notify the Authority and the County as soon as practicable of (1) the date which is the end of the underwriting period (such “underwriting period” is described in the Rule), and (2) the date of filing the Official Statement with a NRMSIR and MSRB or its designee.

If the Bonds are awarded to a syndicate, the Authority will designate the senior managing underwriter of the syndicate as its agent for purposes of distributing copies of the Official Statement to each participating underwriter. Any underwriter executing and delivering a bid form with respect to the Bonds agrees thereby that if its bid is accepted it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purposes of assuring the receipt and distribution by each such participating underwriter of the Official Statement, unless another firm is so designated by the syndicate in writing and approved by the Authority.

Continuing Disclosure. In order to assist bidders in complying with the Rule, the County will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and also will be set forth in the final Official Statement.

Federal and State Securities Law. No action has been taken to qualify the Bonds under federal or state securities laws.

Adjustment of Aggregate Principal Amount/Adjustment of Annual Principal Payments/Change in Optional Redemption Provisions/Postponement.

The Authority reserves the right to adjust the aggregate principal amount of the Bonds. The Authority reserves the right to adjust the annual principal payments due on the Bonds, as described above in "Form of the Bonds." The Authority reserves the right to change the identity of the Bonds subject to optional redemption, the optional redemption dates and the optional redemption prices, as described above in "Optional Redemption." The Authority reserves the right to postpone, from time to time, the date for receipt of bids. The Authority reserves the right to change the scheduled delivery date for the Bonds. Any such adjustment, change or postponement will be published on www.tm3.com ("TM3") not later than 4:00 p.m., Richmond time, on the last business day prior to any announced date for receipt of bids. Prospective bidders may request notification by facsimile transmission of any such adjustment, change or postponement by so advising, and furnishing their telecopier number to the Financial Advisor at (804) 697-2900 by 12 Noon, Richmond, Virginia time, on the day prior to the announced date for receipt of bids. If any date fixed for receipt of bids is postponed, any alternative bid date will be published on TM3 at least 48 hours prior to such alternative bid date. On the bid date (as it may have been changed), any bidder may submit a bid via BiDCOMP/Parity for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Bond Sale except for the aggregate principal amount, the annual principal payment schedule, the optional redemption provisions, the date of the bid, or the scheduled delivery date, as adjusted in accordance with this paragraph.

Changes to Principal Amounts After Bid Awarded. After selecting the winning bid, the Authority may adjust the aggregate principal amount and the annual principal amount of each maturity of the Bonds to take into account any premium bid and to provide for level annual debt service. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATES BID AT THE INITIAL OFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE AGGREGATE PRINCIPAL AMOUNT OR ANNUAL PRINCIPAL AMOUNTS OF THE BONDS.** Such adjustments will not change the winning bidder's compensation per \$1,000 of par amount of the Bonds from that which would have resulted from the bid submitted. In the event of any adjustments, no re-bidding or re-calculation of the bids submitted will be required or permitted, and the premium offered, if any, specified in the successful bid shall be applied proportionately to the adjusted principal amount of the Bonds. The County, on behalf of the Authority, will notify the successful bidder of any adjustments to the aggregate and annual principal amounts by 4:00 p.m., Richmond, Virginia time on the date of the sale.

Additional Information. For further information relating to the Bonds, the Authority, the County and the Project, reference is made to the Authority's Preliminary Official Statement. This Notice of Bond Sale and the Preliminary Official Statement are available on the Internet at www.i-dealprospectus.com. See the Attachment for instructions for accessing the Preliminary Official Statement. Additional information concerning the Bonds may be obtained by contacting the County's Financial Advisor, Davenport & Company, LLC, 901 East Cary Street, 11th Floor, Richmond, Virginia 23219 (telephone: 804/697-2900).

Dated: November __, 2006

**ECONOMIC DEVELOPMENT AUTHORITY OF
JAMES CITY COUNTY, VIRGINIA**

By: Virginia B. Hartmann, Chairman

Approved:

COUNTY OF JAMES CITY, VIRGINIA

By: Sanford B. Wanner, County Administrator

See Attachment:

For Internet instructions to access the Preliminary Official Statement via i-Deal
For instructions to submit a bid via the BiDCOMP/Parity System.

Attachment to Notice of Bond Sale

INSTRUCTIONS TO VIEW PRELIMINARY OFFICIAL STATEMENT (NO REGISTRATION NECESSARY):

- Go to URL www.i-dealprospectus.com
- Using Adobe Acrobat Reader you may search and print the document.
- If you do not have Adobe software, it can be downloaded for free at www.i-dealprospectus.com
- Contact i-Deal Prospectus at (212) 404-8104 with questions or problems.

INSTRUCTIONS TO SUBMIT A BID VIA BiDCOMP/Parity:

- You must be a contracted customer of i-Deal's BiDCOMP Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 404-8102 to become a customer.
- In BiDCOMP select the Economic Development Authority of James City County, Virginia sale among the list of current sales.
- Go to the bid form page. Keep notice of the time clock and be sure to read all bid specifications on bottom.
- Once you have created and saved a bid in BiDCOMP, click the final bid button in BiDCOMP to submit the bid to Parity.
- Upon clicking the final bid button, the bidder will see a message box in BiDCOMP that states: "Do you want to submit this bid to Parity? By submitting the bid electronically via PARITY, you represent and warrant that this bid for the purchase of the Bonds is submitted by the representative who is duly authorized to bind the bidder to a legal, valid, enforceable contract for the purchase of the Bonds. The Notice of Bond Sale is incorporated herein by this reference."
- If during bid calculation BiDCOMP warns you that your current bid violates the bid parameters, please change your bid to meet bid specifications. The BiDCOMP system will submit bids, which violate the bid parameters, but the Economic Development Authority of James City County, Virginia does not intend to consider any bids that do not meet its parameters.
- You may choose to proceed with submission of the bid or choose to cancel the submission.
- Contact BiDCOMP/Parity at (212) 404-8102 or with questions or problems.

Summary Bidding Schedule

Date	Time	Occurrence
Tuesday, December __, 2006	12:00 Noon	Deadline for prospective bidders to request facsimile notification of changes in various bond details and dates.
	4:00 p.m.	Revisions, if any, to various bond details and dates given by notification published on TM3 (www.tm3.com).
	5:00 p.m.	Deadline for submission of Financial Surety Bond to Authority.
Wednesday, December __, 2006	Prior to 11:00 a.m.	Deadline for submission of bids via BiDCOMP/Parity.
	11:00 a.m.	Authority receives bids via BiDCOMP/Parity. Successful bidder provides initial reoffering prices to Authority within 2 hours after being notified that such bidder's bid appears to be the winning bid, subject to verification.
	3:00 p.m.	Bids firm until this time; deadline for Authority to award the Bonds.
Thursday, December __, 2006	12:00 Noon	Deadline for winning bidder to wire the Deposit to the Authority.

#1548751v1

M E M O R A N D U M

DATE: November 14, 2006

TO: The Board of Supervisors

FROM: Barbara E. Watson, Assistant Manager, Community Services

SUBJECT: Senator Norment School Bus Request for Jamestown 2007

Sandy Wanner asked me to share the following letters from Senator Norment to the Williamsburg-James City County and York County School's Superintendents. Senator Norment is requesting that each consider the closing of school on Friday, May 11, 2007. In addition, he is requesting the use of their school buses for the shuttle bus system during anniversary weekend.

Barbara E. Watson

BEW/tlc
SchBusreq.mem

Attachment



AMERICA'S 400TH ANNIVERSARY

The Journey That Changed the World

Sandra Day O'Connor, Honorary Chair

October 18, 2006

Dr. Gary S. Mathews, Superintendent
Williamsburg-James City County Public Schools
P.O. Box 8783
Williamsburg, VA 23187-8783

Re: Support for Jamestown 2007 Commemoration

Dear Dr. Mathews:

As you know, the Historic Triangle will be host to the events commemorating the 400th anniversary of the founding of Jamestown on May 11-13 of next year. Over 90,000 visitors from the United States and abroad are expected to visit our region to participate in the signature events and enjoy the festivities planned for Anniversary Weekend. At the core of the transportation system that will transport our visitors safely and efficiently to these events, is a shuttle bus system that will operate between park and ride lots, hotels and Jamestown Island. The Commonwealth of Virginia and the Hampton Roads Planning District Commission have committed funds for this system. Richard Drumwright, who is the Transportation Coordinator for Jamestown 2007, and your transportation operations staff, have initiated discussions about the potential use of school buses as a cost-effective option for the Jamestown 2007 shuttle bus system.

The shuttle bus system will bring visitors from remote park and ride locations to the commemoration events sites in Jamestown (Jamestown Settlement, Jamestown Island, and the old campground that we are calling "Anniversary Park"), and also move visitors between the venue sites. Due to limited parking near the event sites, and capacity limitations of the roads leading to the sites, this shuttle bus system is an integral and necessary component of the Commemoration.

The details of our request are as follows:

- **Dates:** The buses would be needed all day, Friday, May 11, Saturday May, 12 and Sunday May 13, 2007. We understand that number of buses that could be made available for Friday's events may be limited with school in session. Consequently, we are asking that you consider closing schools that day in recognition of this once-in-a-lifetime commemoration.
- **Number of buses:** We would wish to lease approximately 130 school buses from the Williamsburg/James City County school system. We may also wish to lease a small number of disabled-accessible vans.

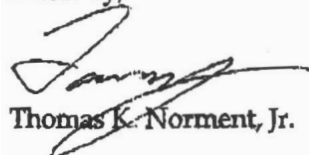
Dr. Gary S. Mathews
October 18, 2006
Page 2

Cost: Preliminary conversations with your staff have indicated that school buses could be leased for the weekend at approximately \$50 per hour, including maintenance, fuel, drivers, and wrecker support.

I look forward to a reply regarding your interest in pursuing such an arrangement, and responding to the specific details outlined above. I am prepared to have a memorandum of understanding drafted that will spell out the terms and conditions of our use of your buses, if needed.

Feel free to contact me at 757-259-7810 with questions or comments. I'm sure that we all wish for Anniversary Weekend to be a success, to put the region and the Commonwealth in a positive light nationally, and to encourage visitors to plan future trips to our region. Your participation would greatly advance our progress towards the development of an efficient, safe and convenient transportation system for Jamestown 2007.

Sincerely,



Thomas K. Norment, Jr.

cc: Mr. Earl Tyler, Williamsburg-James City County Public Schools
Mr. Robert Day, Williamsburg-James City County Public Schools
Mr. Robert Becker, Williamsburg-James City County Public Schools
Mr. Richard Drumwright, Jamestown 2007 Logistics Transportation Working Group



AMERICA'S 400TH ANNIVERSARY

The Journey That Changed the World

Sandra Day O'Connor, Honorary Chair

October 18, 2006

Dr. Steven R. Staples, Superintendent
York County Public Schools
9300-G Geo. Washington Memorial Hwy.
Yorktown, Virginia 23692

Re: Support for Jamestown 2007 Commemoration

Dear Dr. Staples:

As you know, the Historic Triangle will be host to the events commemorating the 400th anniversary of the founding of Jamestown on May 11-13 of next year. Over 90,000 visitors from the United States and abroad are expected to visit our region to witness the signature events and enjoy the festivities planned for Anniversary Weekend. At the core of the transportation system that will transport our visitors safely and efficiently to these events, is a shuttle bus system that will operate between park and ride lots, hotels and Jamestown Island. The Commonwealth of Virginia and the Hampton Roads Planning District Commission have committed funds for this system. Richard Drumwright, who is the Transportation Coordinator for Jamestown 2007, and your transportation operations staff, have initiated discussions about the potential use of school buses as a cost-effective option for the Jamestown 2007 shuttle bus system.

This letter serves as a formal request for your assistance in making buses from your school district available for this system.

The shuttle bus system will bring visitors from remote park and ride locations to the commemoration events sites in Jamestown (Jamestown Settlement, Jamestown Island, and the old campgrounds), and also move visitors between the venue sites. Due to limited parking near the event sites, and capacity limitations of the roads leading to the sites, this shuttle bus system is an integral and necessary component of the Commemoration.

The details of our request are as follows:

- **Dates:** The buses would be needed all day, Friday, May 11, Saturday May, 12 and Sunday May 13, 2007. We understand that the number of buses that could be made available for Friday's events may be limited with school in session. Consequently we ask that you consider closing school on that day in recognition of this once-in-a-lifetime commemoration.

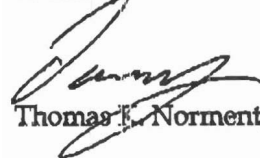
Dr. Steven R. Staples
October 18, 2006
Page 2

- **Number of buses:** We would wish to lease approximately 100 school buses from the York County school system. We may also wish to lease a small number of disabled-accessible vans,
- **Cost:** Preliminary conversations with your staff have indicated that school buses could be leased for the weekend at approximately \$50 per hour, including maintenance, fuel, drivers, and wrecker support.

I look forward to a reply regarding your interest in pursuing such an arrangement, and responding to the specific details outlined above. I am prepared to draft a memorandum of understanding to spell out the terms and conditions of our use of your buses, if needed.

Feel free to contact me at 757-259-7810 with questions or comments. I'm sure that we all wish for Anniversary Weekend to be a success, to put the region and the Commonwealth in a positive light nationally, and to encourage visitors to plan future trips to our region. Your participation would greatly advance our progress towards the development of an efficient, safe and convenient transportation system for Jamestown 2007.

Sincerely,



Thomas E. Norment, Jr.

cc: Mr. James Lash, York County Public Schools
Mr. Richard Drumwright, Jamestown 2007 Logistics Transportation Working Group

MEMORANDUM

DATE: November 14, 2006

TO: The Board of Supervisors

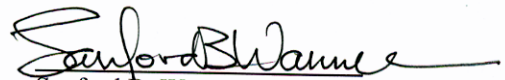
FROM: Sanford B. Wanner, County Administrator

SUBJECT: Holiday Advertising Campaign Contribution - \$15,000

The Greater Williamsburg Chamber and Tourism Alliance has requested that James City County contribute \$15,000 to a special holiday advertising campaign for the Williamsburg area destination.

The holiday campaign, which follows the Williamsburg Area Destination Marketing Committees' fall/early holiday effort, will advertise in the Washington D.C. market through the second week of December. It will include media buys in newspaper and radio.

The County would join the Alliance, Williamsburg Hotel-Motel Association, and York County in contributing to the effort. Our contribution will continue to demonstrate support of our hospitality sector. Staff recommends the Board adopt the attached resolution appropriating \$15,000 from Room Tax proceeds in support of this initiative.



Sanford B. Wanner

SBW/gb
HolidayAd.mem

Attachment

RESOLUTION

HOLIDAY ADVERTISING CAMPAIGN CONTRIBUTION - \$15,000

WHEREAS, the Greater Williamsburg Chamber and Tourism Alliance (GWCTA) has requested that James City County contribute \$15,000 to a special holiday advertising campaign for the Williamsburg area destination; and

WHEREAS, James City County continues to demonstrate support of our hospitality sector; and

WHEREAS, the holiday campaign follows the Williamsburg Area Destination Marketing Committees' fall/early holiday effort; and

WHEREAS, the County would join the GWCTA, Williamsburg Hotel-Motel Association, and York County in contributing to the effort; and

WHEREAS, the County expects to receive higher room tax proceeds than originally projected.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, hereby appropriates an additional \$15,000 from the Room Tax proceeds to the GWCTA.

Bruce C. Goodson
Chairman, Board of Supervisors

ATTEST:

Sanford B. Wanner
Clerk to the Board

Adopted by the Board of Supervisors of James City County, Virginia, this 14th day of November, 2006.

HolidayAd.res



Greater Williamsburg CHAMBER & TOURISM ALLIANCE

DATE: NOVEMBER 9, 2006

Send to: Joy Puckett, Kristi Olsen

Cc: Pat Bell, Bob Hershberger

Office Location:

Fax Number: 253-6833, 890-3509, 220-3136

From: Richard A. Schreiber

Office Location: 421 N Boundary St, Williamsburg, VA 23185

Phone Number: 757-476-6820

Number of Pages, Including Cover: 3

☐ URGENT

☐ REPLY ASAP

☐ PLEASE COMMENT

☐ PLEASE REVIEW

☐ FOR YOUR INFORMATION

COMMENTS:

Attached is information relating to the Christmas advertising program we are advocating.

The City has decided not to participate, so it would be the two counties, WHMA and the Alliance, each investing \$15,000.

Note that this effort would follow the completion of the WADMC fall/holiday effort, allowing us to emphasize this time of the year through the second week of December.

The date shown at the top of each column is the Monday of the week of advertising. The second sheet shows what day of the week. Radio reach is 40% with a frequency of 3 among women ages 25-54 during the period.

Thanks for helping to move this forward.

Dick

fax cover

Foskey Phillips

Media Recommendation for Williamsburg Chamber of Commerce
Holiday Events 2006

NEWSPAPER

Washington Post (eligible to use the contract rate for State of Va - 500,000 level)

Sunday	circ 1,016,163 Travel Section 1/4 pg ad (31.5") 3 col x 10.5"	\$ 12,697.65	2x	\$ 25,395.30	Run Sunday Nov 26 and Dec 3
Wed	circ 738,993 Escapes Section 1/4 pg ad - pick up from Sunday and earn 50% discount	\$ 4,458.83	1x	\$ 4,458.83	Run Wed, Nov 29
Express Daily M-F	3 col x 11" (note ad is 1/2" shorter- Express is a tabloid if we run a 10.5" depth ad we would be charged for 11" as that is the full depth of a tab pg.)	\$ 2,087.25	2x	\$ 4,174.50	Run Thu, Nov 30 and Dec 7 Weekender Section

Total print	<u>\$ 34,028.63</u>
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RADIO

Airs for 2 weeks (wk of 11/27, 12/4)
WRQX FM 107.3 Hot Adult Contemporary
WASH FM 97.1 Adult Contemporary
WTOP FM 103.5

Target primary dayparts	
Budget	\$ 20,971.00
Reach/Freq 40%/3 W25-54	

WRQX and WASH are excellent with station promotions - 3rd party tie ins with other promotions to
giveaway family 4 packs of tickets to Colonial Williamsburg
WTOP airs traffic reports every 15 minutes - crucial to DC commuters -

PRODUCTION	<u>\$ 5,000.00</u>
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TOTAL HOLIDAY CAMPAIGN	\$ 59,999.63
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Foskey Phillips

Colonial Williamsburg

Christmas 2006

9-Nov-06

[illegible]