

**A G E N D A**

**JAMES CITY SERVICE AUTHORITY**

**County Government Center Board Room**

**April 8, 2003**

**7:00 P.M.**

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**A. ROLL CALL**

**B. PUBLIC HEARING**

1. FY 2004 JCSA Budget

**C. CONSENT CALENDAR**

1. Minutes – March 25, 2003, Regular Meeting
2. Support for the King William Reservoir Project
3. Amended Articles of Incorporation for the James City Service Authority

**D. BOARD CONSIDERATION**

1. Bond Resolution – Groundwater Treatment Facility

**E. BOARD REQUESTS AND DIRECTIVES**

**F. ADJOURNMENT**

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AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 25TH DAY OF MARCH, 2003, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

**A. ROLL CALL**

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

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

**B. CONSENT CALENDAR**

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

The motion passed by a unanimous voice vote.

1. Minutes – February 25, 2003, Regular Meeting
2. Award of Bid – Toano Force Main

**RESOLUTION**

**AWARD OF BID - TOANO FORCE MAIN**

WHEREAS, the plans and specifications have been advertised and competitively bid for the Toano Force Main; and

WHEREAS, eleven firms submitted bids, with C.D. French Excavating Contractors submitting the lowest bid of \$293,857.53; and

WHEREAS, the bid is within budget, funds are available, and C.D. French Excavating Contractors has been determined capable of performing the work associated with the project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the contract to C.D. French Excavating Contractors in the amount of \$293,857.53.

3. Water Conservation Committee Appointments

**C. BOARD CONSIDERATION**

1. Award of Bid – Groundwater Treatment Facility

Mr. Larry Foster, General Manager, stated that three firms submitted bids for the Groundwater Treatment Facility plans and specifications that were publicly advertised. Mr. Foster stated that Mid Eastern Builders, Inc., submitted the lowest bid, that the bid is below the estimate prepared by the design engineer, and recommended the Board approve the resolution awarding the construction contract for the Groundwater Treatment Facility to Mid Eastern Builders, Inc., in the amount of \$10,100,000.

Mr. McGlennon made a motion to adopt the resolution.

On a roll call vote, the vote was: AYE: Harrison, McGlennon, Kennedy, Brown (4). NAY: (0). ABSTAIN: Goodson (1).

**RESOLUTION**

**AWARD OF BID - GROUNDWATER TREATMENT FACILITY**

WHEREAS, competitive bids for the Groundwater Treatment facility were opened on March 11, 2003, with Mid Eastern Builders submitting the low bid of \$10,100,000; and

WHEREAS, the bid was within the engineers estimate, budget and funds will be available from a revenue bond issue that will be completed in April 2003 prior to completing the construction contract between the James City Service Authority and Mid Eastern Builders.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, awards the contract for the construction of the Groundwater Treatment Facility to Mid Easter Builders, Inc., in the amount of \$10,100,000.

**D. BOARD REQUESTS AND DIRECTIVES**

Mr. Foster stated that additional information packets regarding the issuance of Bonds for the Groundwater Treatment Facility project, presented during the earlier work session, can be reviewed by contacting the James City Service Authority.

Mr. Kennedy stated that citizens are confused regarding the Outdoor Water Use Regulations and requested information regarding the regulations be disseminated to the citizens throughout the season.

Mr. Foster stated that staff has prepared a blitz of information to inform citizens of the Outdoor Water Use Regulations.

Mr. Kennedy requested a call-in show to provide citizens another avenue to obtain the information and contact staff regarding their concerns.

Mr. Wanner, responding to Mr. McGlennon's question, stated that aesthetics of the structure of pipes along Jamestown Road at Lake Powell was being addressed.

Mr. McGlennon made a motion to recess the Board until April 8, 2003.

The motion passed by a unanimous voice vote.

**E. RECESS**

At 7:40 p.m., Mr. Brown recessed the Board until 7 p.m. on April 8, 2003.

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Sanford B. Wanner  
Clerk to the Board

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MEMORANDUM

DATE: April 8, 2003  
TO: The Board of Directors  
FROM: Larry M. Foster, General Manager, James City Service Authority  
SUBJECT: Support for the King William Reservoir Project

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The Virginia Marine Resource Commission will conduct a public hearing on Newport News' application to withdraw water from the Mattaponi River on April 22, 2003. The permit is critical to the Corps of Engineers approval of a permit to build the King William Reservoir Project.

The Reservoir project was selected as the most feasible of over 35 options evaluated. Once permitted and constructed, the reservoir will produce approximately 23 million gallons of water to meet the Peninsula's water needs through approximately 2050.

Approval of the attached resolution expressing the Board of Directors support for the King William Reservoir Project is recommended.

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Larry M. Foster

LMF/gs  
KingWm-bod.mem

Attachment

**RESOLUTION**

**SUPPORT FOR THE KING WILLIAM RESERVOIR PROJECT**

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

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

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

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

\_\_\_\_\_  
Michael J. Brown  
Chairman, Board of Directors

ATTEST:

\_\_\_\_\_  
Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 8th day of April, 2003.

KingWm-bod.res

MEMORANDUM

DATE: April 8, 2003

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority  
Frank M. Morton, III, County Attorney

SUBJECT: Amended Articles of Incorporation for the James City Service Authority

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The Board of Directors is aware that the Board of Supervisors has considered and approved certain amendments to the Articles of Incorporation of the James City Service Authority (JCSA). Under such a process, it would be prudent for the JCSA as well to ratify and confirm all its prior actions.

Attached is a resolution that accomplishes that action and staff recommends its adoption.

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Larry M. Foster

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Frank M. Morton, III

LMF/adw  
amendedar.mem

Attachment

**RESOLUTION**

**AMENDED ARTICLES OF INCORPORATION FOR**

**JAMES CITY SERVICE AUTHORITY**

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

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

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

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Michael J. Brown  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 8th day of April, 2003.

amendedar.res



## M E M O R A N D U M

DATE: April 8, 2003

TO: The Board of Directors

FROM: Larry M. Foster, General Manager, James City Service Authority

SUBJECT: Bond Resolution - Groundwater Treatment Facility

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The James City Service Authority (JCSA) is in the final stages of the design and competitive bid process to construct a 5.0-million-gallon-per-day Groundwater Treatment Facility (GTF). A contract to construct the facility was awarded at the March 25, 2003, Board meeting. The facility is expected to cost between \$18 million to \$20 million. The JCSA intends to issue approximately \$15 million in revenue bonds to finance the facility. In fall 2002, representatives of Davenport and Company apprized the Board of the options for financing the GTF. Davenport recommended that the JCSA use available financial resource to establish a fund reserve equal to double annual revenues or approximately \$24 million. In addition, Davenport recommended that the JCSA issue bonds through a private placement to finance the GTF.

In early January, proposals for the private placement of bonds to finance the GTF were received from several interested investment institutions. The proposals were attractive by historical standards, but it was determined that under current market conditions, a public placement would result in a lower interest rate. In the current bond market, the JCSA can expect an interest rate of between four to five percent.

Over the past six weeks, staff has worked closely with Davenport to prepare a Public Offering Statement (POS), obtain a bond rating from Moody's, and a Surety Bond for the financing. The POS establishes the need for the financing and the financial credibility of the JCSA. The POS also establishes certain loan parameters such as a requirement for a Surety Bond to guarantee the payment of the bonds and a cash reserve equal to one year of principal and interest for the bonds. The cash reserve will also be guaranteed by a bond.

In addition, staff has supported Saunders and Troutman, our bond attorneys, in the preparation of a Master Indenture of Trust, which establishes the guidelines for current and future financing. The Indenture establishes that the JCSA will set adequate rates to generate revenues over expenditures to cover 120 percent of the annual principal and interest costs. It also establishes that this and all future debt will be treated equally for bond holders.

The POS and Master Indenture of Trust are available for Board review.

The attached resolution, prepared by Saunders and Troutman, authorizes the issuance of the bonds to finance the GTF at a rate not to exceed six percent. The resolution also authorizes the Chairman or Vice Chairman to sign all documents associated with the issuance of the bonds. The bonds will be marketed in late April 2003 at which time a firm rate will be established.

Staff recommends that the Board approve the attached resolution authorizing the issuance of bonds to finance the Groundwater Treatment Facility.

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Larry M. Foster

LMF/gs  
GTFbondres.mem

Attachment

## RESOLUTION

### AUTHORIZING THE ISSUANCE BY THE JAMES CITY SERVICE AUTHORITY

### OF ITS WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2003

### AND OTHER MATTERS IN CONNECTION THEREWITH

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

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

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

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

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

8. The Authority hereby approves the commitment of Financial Security Assurance, Inc. (the "Commitment"), to provide its municipal bond insurance policy to secure the 2003 Bonds. The execution and delivery of the Commitment by the Chairman, Vice Chairman, and General Manager, any of whom may act, are hereby authorized. Any amendments to the Bond Documents and 2003 Bonds that are required by the Commitment are also hereby authorized.
9. SunTrust Bank is hereby selected to act as trustee under the Master Indenture and the First Supplemental Indenture.
10. The Authority has previously adopted a Reimbursement Resolution in connection with the financing of the Projects. The Authority hereby amends the maximum principal amount of the Indebtedness as defined and set forth in such Reimbursement Resolution from \$9.5 million to \$18 million. The Reimbursement Resolution, except as modified by the preceding sentence, remains in full force and effect, and is ratified and confirmed hereby.
11. All other actions hereafter taken by the officials or agents of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2003 Bonds and the undertaking of the Projects are hereby confirmed, ratified, and approved.
12. This resolution shall take effect immediately upon its adoption.

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Michael J. Brown  
Chairman, Board of Directors

ATTEST:

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Sanford B. Wanner  
Secretary to the Board

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 8th day of April, 2003.

GTfbond.res

Certificate

At a regular meeting of the James City Service Authority, held on the 8th day of April, 2003, at which the following members were present and absent:

<u>MEMBER</u>	<u>PRESENT</u>	<u>ABSENT</u>
Michael J. Brown		
John J. McGlennon		
Jay T. Harrison, Sr.		
James G. Kennedy		
Bruce G. Goodson		

The foregoing resolution, a true and correct copy of which precedes this certification, was adopted by the affirmative roll call vote of a majority of all members of the Authority, the ayes and nays being recorded in the minutes of the meeting as follows:

	<u>VOTE</u>	
<u>MEMBER</u>	<u>AYE</u>	<u>NAY</u>
Michael J. Brown		
John J. McGlennon		
Jay T. Harrison, Sr.		
James G. Kennedy		
Bruce G. Goodson		

WITNESS my hand and seal of the James City Service Authority, this 8th day of April, 2003.

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Sanford B. Wanner  
Secretary, James City Service Authority