

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 18TH DAY OF SEPTEMBER, NINETEEN HUNDRED NINETY-FIVE, AT 9:06 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Stewart U. Taylor, Chairman
Robert A. Magoon, Jr., Vice Chairman
Perry M. DePue
Jack D. Edwards
David L. Sisk

Sanford B. Wanner, Deputy Secretary
Robert H. Smith, Treasurer
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. MINUTES - August 21, 1995

Mr. Taylor asked if there were corrections or additions to the minutes.

Mr. Taylor made a motion to approve the minutes.

The motion passed by unanimous voice vote.

C. BOARD CONSIDERATIONS

1. James City Service Authority Investment Policy

Mr. Robert H. Smith, Assistant Manager, James City Service Authority, stated that JCSA did not have an approved Investment Policy and the proposed policy included a statement of purpose, statement of responsibilities, investment objective and goals, investment guidelines, investment performance review and evaluations and communications. He further stated that Capitoline Investment Service, Inc., had managed the day-to-day investment of cash balances for the past 11 years.

Mr. Smith introduced Teresa W. Phillips, Vice President, Capitoline Investment Service, Inc., who presented a review of JCSA's performance for the past year and explained that investments were limited to those allowed under the Virginia Security for Public Deposits Act, Sec. 2.1-359 through 2.1-370 and Investment for Public Funds as in Sec. 2.1-327 through 2.1-329, Code of Virginia.

Staff recommended approval of the resolution.

Mr. Sisk made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

JAMES CITY SERVICE AUTHORITY INVESTMENT POLICY

WHEREAS, the Board of Directors desires the safeguarding of utility funds within the confines of The Code of Virginia; and

WHEREAS, the Board of Directors of James City Service Authority, James City County, Virginia, is desirous to establish an Investment Policy Statement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the James City Service Authority, James City County, hereby adopts the attached Investment Policy Statement to be effective October 1, 1995.

2. **Water Extension Agreement with Newport News Waterworks**

Mr. Foster stated that Mr. Jim Griffith, local builder, had petitioned Newport News Waterworks for permission to extend a waterline to service Phase VII of Quarterland Commons in Busch Corporate Center. He further stated that Mr. Griffith would pay all fees associated with the waterline connection.

Staff recommended approval of the resolution.

Mr. Magoon made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

WATERLINE EXTENSION - NEWPORT NEWS WATERWORKS

QUARTERLAND PHASE VII

WHEREAS, Jim Griffith Builders, desires to extend waterlines to serve Quarterland Phase VII of Busch Corporate Center, to the Newport News Waterworks (NNWW) water system; and

WHEREAS, the James City Service Authority is required to make application to NNWW for the connection; and

WHEREAS, Jim Griffith Builders will pay all fees associated with the waterline extension.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, authorizes the Chairman to sign the agreement with Newport News Waterworks providing the terms for the waterline extension.

3. **Bid Award - Vehicle/Equipment Shelter**

Mr. Foster stated that bids were opened for construction of a vehicle shelter for housing of JCSA vehicles and equipment at the Tewning Road operations site. Mr. Foster recommended approval of the resolution awarding the bid in the amount of \$76,246 to Dobson Construction.

Mr. Edwards made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

BID AWARD - VEHICLE SHELTER

WHEREAS, the JCSA has determined it advantageous to protect selected vehicles and specialty equipment from the weather; and

WHEREAS, bids have been received from two firms proposing to build the facility; and,

WHEREAS, the low bid of \$76,246 was submitted by Dobson Construction.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes the award of this project to Dobson Construction for the amount bid.

4. **Bid Award - Wells**

Mr. Foster stated that the JCSA desired to increase water production capacity to meet anticipated water demands over the next 10 years. He explained that an application to increase groundwater withdrawal required extensive computer modeling to determine impacts on groundwater levels and existing wells, and to accurately predict the impacts, proposed wells must be drilled and pump test performed.

Mr. Foster recommended approval of the resolution awarding the well construction project to Sydnor Hydrodynamics, the low bidder.

The Board discussed where the wells would be located and the aquifers from which the groundwater would be withdrawn.

Mr. Magoon made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

BID AWARD - WELLS

WHEREAS, the JCSA has embarked on a program to expand its water production capacity to meet growing demands; and

WHEREAS, the plans and specifications were prepared for the construction of five production wells and eight observation wells; and

WHEREAS, bids for the plans and specifications were advertised, competitively bid, and opened on September 8, 1995; and

WHEREAS, the low bid for the project of \$777,720 was submitted by Sydnor Hydrodynamics, Inc.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, awards the well construction project to Sydnor Hydrodynamics, Inc.

5. Bid Award - Replacement of Sewer Lines, Pump Stations 3-1 and 3-3

Mr. Foster stated that two force mains from sewer Pump Stations 3-1 and 3-3 had failed on several occasions and replacement of the lines was initiated in an effort to prevent future wastewater spills.

He explained that staff was attempting to negotiate a better cost with George Nice and Sons who submitted the lowest bid.

Staff recommended approval of the contract because of the critical need to replace the sewer line.

After a brief discussion, the Board agreed to take no action to allow staff time to continue negotiations of the contract bid.

D. **BOARD REQUESTS AND DIRECTIVES - None**

Mr. Sisk made a motion to adjourn.

The motion passed by unanimous voice vote.

The Board adjourned at 9:46 p.m.



Sanford B. Wanner
Deputy Secretary to the Board

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**JAMES CITY SERVICE AUTHORITY
INVESTMENT POLICY**

STATEMENT OF PURPOSE:

The James City Service Authority (JCSA) is a public body politic and corporate of the Commonwealth of Virginia. The JCSA was created in 1969 by the James City County Board of Supervisors pursuant to the Virginia Water and Sewer Authorities Act (Code of Virginia, 1950, as amended). The JCSA was created to acquire, construct, operate and maintain, to the extent determined by the JCSA to be financially feasible, an integrated water system and an integrated sewer collection system in James City County. The Board of Directors is appointed by the Board of Supervisors, and since 1976, the Board of Supervisors has appointed its members as Directors of the JCSA to more fully coordinate JCSA activities with those of the County in the planning and development of utility systems.

The JCSA operating funds are self-supporting, and the JCSA receives no share of any local or property tax levies. The Board of Directors has the sole power to set water and sewer rates and related fees. The JCSA generates revenue from the selling of water and sewer services to County citizens and businesses. The purpose of this investment policy is to establish guidelines to safeguard and provide efficient management of JCSA funds, and for the purchase and sale of investment instruments. It shall be the policy of the JCSA that all investable balances be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims.

STATEMENT OF RESPONSIBILITIES:

Board of Directors: Approve investment policy and execution.

Treasurer of the JCSA: Responsible for the receiving, collecting, safeguarding and disbursing of JCSA funds. The Treasurer is assisted by an Assistant Treasurer who is assigned to the Department of Financial and Management Services, James City County.

Investment Manager: Oversees the day-to-day investment management of cash balances, including specific security selection, and the timing of purchases and sales.

INVESTMENT GOAL:

The safeguarding of principle within the confines of The Code of Virginia shall be the foremost investment goal of the JCSA.

INVESTMENT OBJECTIVE:

The investment portfolio shall be managed with the objective of obtaining no worse than a market rate of return for similar investment securities over the course of budgetary and economic cycles, taking into account the constraints contained herein, and the cash flow characteristics of the JCSA.

INVESTMENT GUIDELINES:

The following guidelines provide the framework within which investments are made.

Portfolio Limitations: Investments shall be limited to those allowed under the Virginia Security for Public Deposits Act, Sec. 2.1-359 through 2.1-370, and Investment for Public Funds as in Sec. 2.1-327 through 2.1-329, Code of Virginia, which are outlined as follows:

- U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government.
- Obligations of Agencies of the Federal Government, including, but not limited to, the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
- Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA," or equivalent, by Moody's and/or Standard & Poor's.
- Repurchase Agreements executed through Federal Reserve Member Banks, or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations, the market value of which is at least 102 percent of the purchase price of the repo.
- Certificates of deposit or other deposits of national banks located within the Commonwealth and state chartered banks under Commonwealth supervision, provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
- U.S. dollar denominated Bankers' Acceptances issued by a domestic bank, or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40 percent of the total funds available for investment may be invested in bankers' acceptances.
- U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35 percent of the total funds available for investment may be invested in commercial paper, and not more than 5 percent in the obligations of any one issuer.
- U.S. dollar denominated Corporate Notes and Bonds having a rating of at least AA by Standard & Poor's Corp. and AA by Moody's Investors Service.
- Money Market Mutual Funds which trade on a constant net asset value and which invest solely in securities otherwise eligible for investment under these guidelines.

Prudent Man Rule: Investments shall be made consistent with the safeguards and diversity to which a prudent investor would adhere, i.e., exercising judgement and care, under circumstances prevailing, which persons of ordinary prudence would employ in the management of their own affairs...not in regard to speculation, but to the permanent disposition of their funds, considering both income and safety of capital.

Liquidity: The investment portfolio shall be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operational requirements, either known, or which might be reasonably anticipated. Cash flow projections will be monitored and updated on an ongoing basis by the JCSA Treasurer, and communicated regularly to the Investment Manager.

Volatility: Consistent with the desire for adequate diversification, investments will be based on the assumption that the volatility of the portfolio will be similar to that of the market. Consequently, it is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of a balanced market index weighted to match the actual asset mix of the portfolio.

Maturity Restrictions: It is recognized that, prior to maturity date, the market value of securities in the JCSA's portfolio may fluctuate due to changes in market conditions. In view of this and the JCSA's primary investment goal of preservation of principal, every effort shall be made to manage investment maturities to precede or coincide with the expected need for funds.

Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows:

- A minimum of 50 percent of the portfolio must be invested in securities maturing within 180 days.
- A maximum of 25 percent of the portfolio may be invested in securities maturing within 9 months.
- A maximum of 25 percent of the portfolio may be invested in securities maturing within 12 months.

Prohibited Securities:

- Collateralized Mortgage Obligation (CMO), inverse floating rate securities, floating rate securities tied to a non-money market instrument, immediate orders, public offerings, Z-tranche securities, residuals, and other securities having unusual features are expressly prohibited.
- Transactions in options, futures, options on futures, margin buying and commodities are prohibited.
- Any other security not specifically authorized in this document is expressly prohibited.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION:

Performance results will be measured on a monthly, quarterly, and annual basis.

Total portfolio performance will be measured against a balanced index composed of commonly accepted benchmarks.

COMMUNICATIONS

Investment Manager communications with JCSA management staff and Board of Directors:

- Provide monthly portfolio valuations and transactions listings.
- Meet at least quarterly with JCSA management staff.

Review past investment performance, evaluate the current investment outlook, and discuss investment strategy.

Provide information regarding major changes in investment policy that may result in major investment strategy changes.

Review any significant changes in management, research, personnel, or ownership within the Investment Manager Firm.

Other communication that Investment Manager feels are necessary to facilitate achievement of the JCSA's goal and objectives.

Meet annually with JCSA Board of Directors.

Forward to JCSA-SEC Form ADV, Parts I and II annually, or at any interim point Form ADV is substantially revised.

JCSA's management staff communication with Investment Manager:

- Any matters which may bear upon the portfolio's assets.
- On a timely basis, provide revisions of the Statement of Investment Policy.
- Meet, at least quarterly, with Investment Manager.
- Review and discuss any modifications and changes to the investment goal, objectives, and guidelines.
- Identify any significant anticipated changes in the portfolio's cash flow.

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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 2ND DAY OF OCTOBER, NINETEEN HUNDRED NINETY-FIVE, AT 8:39 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Stewart U. Taylor, Chairman
Robert A. Magoon, Jr., Vice Chairman
Perry M. DePue
Jack D. Edwards
David L. Sisk

David B. Norman, Secretary
Robert H. Smith, Treasurer
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. BOARD CONSIDERATION

1. Bid Award - Replacement of Sewer Lines, Pump Stations 3-1 and 3-3

Mr. Larry M. Foster, General Manager, James City Service Authority, stated that no action was taken on this item at the September 18, 1995, Board of Directors' meeting.

He recommended approval of the resolution awarding the contract to George Nice and Sons.

Mr. Edwards made a motion to approve the resolution.

The motion passed by unanimous voice vote.

RESOLUTION

BID AWARD: SEWER LINES REPLACEMENT (LS 3-1 AND 3-3)

WHEREAS, the James City Service Authority has designed, advertised, and opened competitive bids for a sewer force main replacement serving for LS 3-1 and 3-3; and

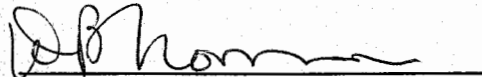
WHEREAS, the low bid of \$87,825 was submitted by George Nice and Sons; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City County, Virginia, award the sewer force main replacement project to George Nice and Sons at a cost not to exceed \$87,825.

Mr. Sisk made a motion to adjourn.

The motion passed by unanimous voice vote.

The Board adjourned at 8:40 p.m.



David B. Norman
Secretary to the Board

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