

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 22ND DAY OF OCTOBER, 2002, AT 4:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

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

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

B. WORK SESSION

1. Groundwater Treatment Plant Financing Plan

Mr. Foster introduced David Rose and Courtney Rogers of Davenport & Company LLC, the financial advisors, and provided an overview of the Groundwater Treatment Facility project.

Mr. Rose and Mr. Rogers provided the Board with an overview of the goals and objectives of the financing plan for the Groundwater Treatment Plant.

Mr. Brown inquired about the proposed ratio of debt versus cash to fund the capital projects identified over the next five to fifteen years.

Mr. Goodson inquired about the King William Reservoir Project financing and the capital outlay expected from the County.

Mr. Foster provided the anticipated fiscal costs of the project based on cost per million gallons per day of production capacity of raw water at various withdrawal levels. It was anticipated that the costs of the project would be \$15-20 million per 2 million gallons per day production capacity. The JCSA's share could range from \$30 to 80 million.

The Board, Mr. Rose, and Mr. Rogers discussed current interest rates and borrowing at the low rates, not borrowing, borrowing a portion of the needed funds for the project, and maximizing cash reserves in order to position the Authority for the next capital project.

Mr. Rose and Mr. Rogers provide the Board with financing options that include building cash reserves, borrowing for a portion of the entire the project, amortizing the debt over fifteen years, and paying down the loan prior to the final maturity.

Mr. Foster requested questions, guidance, and direction from the Board.

Mr. Kennedy inquired about the proffered money from developers towards the desalinization project.

Mr. Foster stated that the proffered money is set aside as build-out occurs and the fees are paid.

The Board and staff held a discussion on allocating the proffered money towards a water supply project, anticipated growth models for the development of the recommendations as well as other factors utilized in the development of the recommendations; the potential impacts of water conservation/restrictions on the Authority's revenues was also discussed.

The Board recommended that Davenport & Company LLC, move forward with its recommendation and refinancing, and then bring back an update to the Board at its meeting on November 12, 2002. The recommendation includes funding the entire debt of approximately \$17 million over a 15 year amortization period.

At 4:57 p.m. Mr. Goodson recessed the Board.

Mr. Goodson reconvened the Board at 8:14 p.m.

C. CONSENT CALENDAR

Mr. Goodson pulled Item No. 4, Award of Bid – Lift Station 1-2 from the Consent Calendar for a roll call vote.

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

The motion passed by a unanimous voice vote.

1. Minutes – July 23, 2002, Regular Meeting
2. Minutes – September 24, 2002, Regular Meeting
3. Amendment to Regulations Governing Utility Services – Water Conservation Plan

Mr. McGlennon made a motion to adopt Item No. 4, Award of Bid – Lift Station 1-2.

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

RESOLUTION

AWARD OF BID – LIFT STATION 1-2

WHEREAS, the plans and specifications have been advertised and competitively bid for the Lift Station 1-2; and

WHEREAS, five firms submitted bids, with Qualicon Corporation submitting the low bid of \$1,569,000; and

WHEREAS, the bid is within budget, funds are available and Qualicon Corporation has been determined capable of performing the work associated with the project.

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 Lift Station 1-2 Expansion to Qualicon Corporation in the amount of \$1,571,500.

D. BOARD REQUESTS AND DIRECTIVES

Mr. McGlennon inquired if staff had taken the opportunity to review the three-tier water rate structure and how it impacts larger households.

Mr. Foster provided data to the Board on the three-tier water rate structures' impact and stated that staff has considered alternatives for the rate structure.

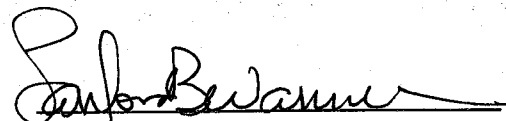
The Board and staff held a discussion regarding the possibility of restructuring the water rates, credit for large households, adjustments to the three-tier water rate structure, and communicating with citizens that request special accommodation due to large household sizes.

E. ADJOURNMENT

Mr. Harrison made a motion to adjourn until 7 p.m. on November 26, 2002.

The motion passed by a unanimous voice vote.

Mr. Goodson adjourned the Board at 8:27 p.m.


Sanford B. Wanner
Secretary to the Board