

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 JULY 2008, AT 7:00 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. CALL TO ORDER

B. ROLL CALL

James O. Icenhour, Jr., Chairman
Mary Jones, Vice Chairman
Bruce C. Goodson
John J. McGlennon
James Kennedy

Sanford B. Wanner, Secretary
Leo P. Rogers, County Attorney
Larry Foster, General Manager

C. CONSENT CALENDAR

Mr. Larry Foster gave an overview of the items on the Consent Calendar.

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

The motion passed by a unanimous voice vote.

1. Minutes – June 24, 2008, Regular Meeting
2. Bid Award – Riverview Plantation Water System Replacement

RESOLUTION

BID AWARD – RIVERVIEW PLANTATION WATER SYSTEM REPLACEMENT

WHEREAS, plans and specifications for the Riverview Plantation Water System Replacement were advertised and the bids ranging from \$553,092 to \$1,567,868 submitted by 17 firms publicly opened; and

WHEREAS, Godsey and Son, who submitted the low bid of \$553,092, has been determined capable of providing the services necessary for the successful completion of the projects; and

WHEREAS, the project bid is below the design engineer's estimate and funds are available in the James City Service Authority budget.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby awards the contract for the Riverview Plantation Water System Replacement to Godsey and Son for a contract amount of \$553,092.

3. Bid Award – Engineering Services for Design of the Improvements for B-32 (Route 199 Booster Facility)

RESOLUTION

CONTRACT AWARD - ENGINEERING SERVICES FOR DESIGN

OF THE IMPROVEMENTS FOR B-32 (ROUTE 199 BOOSTER FACILITY)

WHEREAS, the Water Master Plan provides for the purchasing of potable water from Newport News Waterworks as a key component of the strategy to meet the projected water demands for James City County; and

WHEREAS, interested engineering firms were invited to submit a Statement of Qualification as part of the process for selecting an engineering consultant to design the planned improvements; and

WHEREAS, a six-member staff team negotiated a fee of \$169,460 for an agreed-upon Scope of Services to perform the engineering design and support work required for these improvements to this facility.

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 a contract to provide engineering services for the Booster Station improvements to Gannett Fleming, Inc., in the amount of \$169,460 for the design services associated with the improvements to this booster station.

D. PUBLIC HEARING

1. Easement Dedication – Joshua’s Glen

Mr. Foster stated that the item on the Public Hearing was intended to be advertised for the Board of Supervisors meeting and this item would be on that agenda for August 12, 2008. He stated that the Public Hearing would need to be opened and closed, and no action was required of the Board.

Mr. Icenhour opened the Public Hearing.

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

Mr. Foster stated that this item would be advertised for the Board of Supervisors for action on August 12, 2008.

E. BOARD CONSIDERATION

1. Bond Resolution – Project Development Agreement

Mr. Foster stated that in March 2008, the Board of Directors approved the Project Development Agreement with Newport News Water Works. He stated that this resolution would authorize the issue of the sale of bonds and authorize the Chair or Vice Chair to sign the documents associated with that sale. He recommended approval of the resolution.

Mr. McGlennon made a motion to adopt the resolution.

On a roll call vote, the vote was AYE: McGlennon, Goodson, Jones, Kennedy, Icenhour (5). NAY: (0).

RESOLUTION AUTHORIZING THE ISSUANCE BY THE
JAMES CITY SERVICE AUTHORITY OF ITS
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008
AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the James City Service Authority (the “Authority”) has established 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 are issued pursuant to the terms of a Master Indenture of Trust, dated as of April 1, 2003, as previously supplemented by a First Supplemental Indenture of Trust, dated as of April 1, 2003 (collectively, the “Master Indenture”), between the James City Service Authority (the “Authority”) and SunTrust Bank (predecessor-in-interest to U.S. Bank National Association), 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 \$28,500,000 (the “2008 Bonds”) and use the proceeds of the 2008 Bonds to (i) finance the purchase from the City of Newport News, Virginia of a “safe yield share” of treated water capacity from the King William Reservoir Project or an alternate water supply source (the “Project”) and (ii) pay related issuance costs and fund reserves; and

WHEREAS, the 2008 Bonds will be issued pursuant to the terms of the Master Indenture and a Second Supplemental Indenture of Trust, dated as of August 1, 2008 (the “Second Supplemental Indenture”), between the Authority and the Trustee (the Master Indenture and the Second Supplemental Indenture being collectively referred to herein as the “Indenture”); and

WHEREAS, in connection with the issuance of the 2008 Bonds, the forms of all of the following documents have been presented to this meeting and filed with the Authority’s records: (i) the Second Supplemental Indenture; (ii) the 2008 Bonds, the form of which is attached to the Second Supplemental Indenture; (iii) the Continuing Disclosure Agreement to be dated on or before the date the 2008 Bonds are to be issued (the “Continuing Disclosure Agreement”) from the Authority; and (iv) the Preliminary Official Statement including the Notice of Sale (the “Preliminary Official Statement”) pursuant to which the 2008 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 2008 Bonds upon the terms set forth therein and in the Indenture. The 2008 Bonds will be sold by competitive bid. As of the date of this Resolution, the following terms of the 2008 Bonds have not been established: (A) the final principal amount of the 2008 Bonds, including the principal amount of each maturity and of each mandatory sinking fund redemption payment, (B) the final interest rates, (C) the final price at which the Authority will sell the 2008 Bonds to the purchasers thereof and (D) the optional redemption provisions.

The General Manager of the Authority, in collaboration with the Authority's financial advisor, Davenport & Company LLC (the "Financial Advisor"), shall receive bids for the 2008 Bonds and award the 2008 Bonds to the bidder providing the lowest true or "Canadian" interest cost, all subject to the limitations set forth herein. Prior to the sale of the 2008 Bonds, the General Manager, in collaboration with the Financial Advisor, may change the dated date of the 2008 Bonds and the payment dates provided therein (so long as the interest payment dates are semi-annual) to facilitate the sale and delivery of the 2008 Bonds. The actions of the General Manager in selling the 2008 Bonds shall be conclusive, and no further action with respect to the sale and issuance of the 2008 Bonds shall be necessary on the part of the Authority.

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 2008 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 2008 Bonds does not exceed \$28,500,000 and the weighted average maturity of the 2008 Bonds does not exceed thirty-one (31) years, (ii) the actual interest rates to be payable on the 2008 Bonds, so long as the true interest cost of the 2008 Bonds does not exceed six percent (6%) per year, (iii) the final price of the 2008 Bonds, so long as the final price shall not be less than ninety-eight percent (98%) nor more than one hundred five percent (105%) of the aggregate principal amount of the 2008 Bonds and (iv) the optional redemption provisions so long as optional redemptions of the 2008 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 2008 Bonds) and at a declining redemption premium (if any) thereafter not in excess of two percent. Such approvals shall be conclusively evidenced by the execution and delivery of the Second Supplemental Indenture by the Chairman or Vice Chairman.

2. The Second Supplemental Indenture, and the Continuing Disclosure Agreement (collectively, the "Bond Documents") and the 2008 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 2008 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 2008 Bonds and their delivery against payment therefor, the amount of such payment to be disbursed in accordance with the terms of the Second 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 2008 Bonds and the Bond Documents and, if required, the Secretary is authorized and directed to countersign and affix the Authority's seal to the 2008 Bonds and the Bond Documents on behalf of the Authority. The signatures of the Chairman or Vice Chairman and the Secretary on the 2008 Bonds may be by facsimile.
5. The Chairman, Vice Chairman, General Manager, and any other official 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 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 2008 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 2008 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.
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, including the Notice of Sale, in the issuance and sale of the 2008 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 2008 Bonds, the security therefor, the Bond Documents and the Project. 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 of such final Official Statement are hereby approved.

The General Manager shall arrange for the delivery to the successful bidder of a reasonable number of copies of the Official Statement, within seven (7) business days after the 2008 Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the successful bidder initially sells 2008 Bonds.

8. The Authority hereby approves the procurement of municipal bond insurance as security for the principal and interest payments on the 2008 Bonds if interest cost savings relative to the insurance premium paid will result therefrom. The Chairman, Vice Chairman and General Manager, any of whom may act, are hereby authorized to execute and deliver a

commitment for the provision of municipal bond insurance (the "Commitment"). Any amendments to the Bond Documents and 2008 Bonds that are required by the Commitment are also hereby authorized. The Authority also hereby approves the procurement of a letter of credit or bond insurance equal to all or a portion of the Debt Service Reserve Requirement (as defined in the Master Indenture) in lieu of maintaining and depositing money or securities in the Debt Service Reserve Fund created under the Master Indenture. The Chairman, Vice Chairman, and General Manager, any of who may act, are hereby authorized to execute and deliver a commitment for the provision of such letter of credit or bond insurance.

9. In adopting this resolution, the Authority declares its "official intent" to allow for the use of the proceeds of the 2008 Bonds to reimburse the Authority for "original expenditures" associated with the Project, to the full extent permitted by Treasury Regulations Section 1.150-2. Expenditures made more than sixty (60) days prior to the date hereof may be reimbursed as to certain *de minimis* or preliminary expenditures described in Treasury Regulations Section 1.150-2(f) and as to other expenditures permitted under applicable Treasury Regulations. The Authority reasonably expects that it will reimburse the "original expenditures" with the proceeds of the 2008 Bonds.
10. The Authority hereby authorizes the General Manager and Treasurer of the Authority to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia in connection with the investment of the proceeds of the 2008 Bonds if they deem it to be in the best interest of the Authority. The process may be invested pursuant to other investment agreements so long as the same are permissible for the investment of bond proceeds under Virginia law.
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 2008 Bonds and the undertaking of the Project are hereby confirmed, ratified, and approved.
12. This Resolution shall take effect immediately upon its adoption.

D. BOARD REQUESTS AND DIRECTIVES

Mr. McGlennon noted that there were 17 bidders for a bid award on the Consent Calendar and the low bid was less than half of the projected cost. He stated that he was very satisfied with the results.

Mr. McGlennon asked about water demands.

Mr. Foster stated that demands were high, but were comparable with peak demands from last year, which were between 7 and 8 million gallons. He stated that after the rains of the evening, he expected a demand of about 5 million gallons. He noted that the water system was holding up well against current demands.

Mr. Ed Oyer, 139 Indian Circle, asked if the faith of the County was behind the bonds.

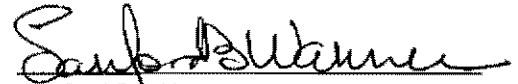
Mr. Foster stated that these were revenue bonds issued by the James City Service Authority.

E. ADJOURNMENT

Mr. McGlennon made a motion to adjourn.

The motion passed by a unanimous voice vote.

At 8:18 p.m. Mr. Icenhour adjourned the Board.



Sanford B. Wanner
Secretary to the Board

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