

**MINUTES**  
**JAMES CITY SERVICE AUTHORITY BOARD OF DIRECTORS**  
**REGULAR MEETING**  
**County Government Center Board Room**  
**101 Mounts Bay Road, Williamsburg, VA 23185**  
**February 25, 2020**  
**4:00 PM**

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**A. CALL TO ORDER**

**ADOPTED**

**B. ROLL CALL**

**MAR 24 2020**

**Board of Directors  
James City County, VA**

Michael J. Hipple, Powhatan District  
Ruth M. Larson, Vice Chairman, Berkeley District - via phone  
John J. McGlennon, Roberts District  
James O. Icenhour, Jr., Jamestown District  
P. Sue Sadler, Chairman, Stonehouse District

Scott A. Stevens, Secretary to the Board  
Adam R. Kinsman, County Attorney  
M. Douglas Powell, General Manager

Ms. Sadler requested a motion to allow Ms. Larson, who was out of town on business, to participate via phone for the Board of Directors Meeting per policy for extenuating circumstances.

A motion to allow Ms. Larson to participate by phone was made by James Icenhour, the motion result was Passed.

AYES: 4 NAYS: 0 ABSTAIN: 0 ABSENT: 1  
Ayes: Hipple, Icenhour, Jr, McGlennon, Sadler  
Absent: Larson

**C. PRESENTATIONS**

**1. Davenport and Company - Discussion of Potential Borrowing**

Mr. Powell addressed the Board noting an upcoming presentation. He further noted he had spoken with each member informally about the potential for borrowing to expedite completion of two neighborhood projects. Mr. Powell noted those neighborhoods were White Oaks and Kings Wood, which had been in the James City Service Authority's (JCSA) Capital Improvements Program for a while. He further noted these projects were to replace antiquated and undersized water lines, which would increase reliability and enhance public safety with increased water loads in the event of fires. He added the design and engineering for the White Oaks project had begun. Mr. Powell introduced Mr. David Rose, Manager of Public Finance and Senior Vice President for Davenport and Company, JCSA's financial advisor. Mr. Powell noted Mr. Rose would explain the potential borrowing and its impacts. Mr. Powell further noted the proposed borrowing amount was \$9 million, which he added should be less than both projects' costs. He noted if there was any remaining balance, JCSA had sufficient funds to cover the difference. Mr. Powell noted JCSA did not want to borrow more than was needed. He further noted no formal action was needed from the Board at this time, but rather an informal show of support. Mr. Powell added that if the support was there, then a formal resolution would be drafted for approval at the March 24, 2020 Board meeting.

Mr. Rose addressed the Board noting the strength and stability of the JCSA. He highlighted a JCSA overview regarding funding options in a PowerPoint presentation. He noted the excellent bond ratings of JCSA. Mr. Rose recommended a public sale, similar to that used with the schools several years ago. Mr. Rose highlighted tax-exempt interest rate trends in his presentation. He continued his presentation with JCSA's current ratings and the population impact to those ratings by Moody's and Standard and Poor's observations. Mr. Rose noted the strength of JCSA in the Peer Comparative - Days Cash on Hand slide and noted the relation of population size (less than 100,000) to various localities portrayed in the presentation. He continued with a third metric, Debt Service Coverage, and its impact on JCSA. Mr. Rose noted the excellent metric for JCSA. He further noted Existing Debt Service and JCSA's strength in this area with paying off its debt. Mr. Rose highlighted the recommended plan of finance and noted the strength of the County and JCSA as well as the collaborative efforts between the Board and staff. Mr. Rose continued his presentation highlighting a public sale versus a direct bank placement. He noted the net savings equated to approximately \$20,000-\$25,000 annually. He further noted that was not a huge amount, but a more favorable option. Mr. Rose continued his presentation highlighting the public sale impact on existing debt service and the timetable.

Ms. Sadler asked the Board for questions.

Mr. Hipple noted the importance of having cash and the current interest rates. He further noted he was in support.

Mr. McGlennon noted the presentation showed this borrowing made good sense. He further noted the ability to address much needed improvements in a financially cautious and conservative way was important.

Ms. Larson thanked Mr. Rose and echoed similar sentiments.

Mr. Icenhour noted these projects were overdue and the impact for fire assistance was needed. He further noted the presentation was very well done.

Ms. Sadler expressed similar comments particularly to the public safety issues. She noted this was a move in the right direction. She thanked Mr. Rose for the presentation and noted if he had questions for the Board to contact her.

Mr. Rose thanked Ms. Sadler. He noted the formulation of a plan with staff and working with the rating agencies.

Mr. Hipple noted the AAA bond rating and the impact of this borrowing on helping to achieve that rating.

Mr. Rose noted it should, but he also cautioned about relative population size as a factor. He further noted the strength of both the County and JCSA and their respective cashflows. Mr. Rose noted this put the information in front of the bond raters and created a positive note.

Discussion ensued on bond ratings and population size.

Ms. Sadler thanked Mr. Rose and noted the County and JCSA were well represented.

Mr. Powell thanked Mr. Rose. He noted in asking Davenport and Company to evaluate the borrowing request, a request to evaluate the existing debt had also been made. He further noted Davenport and Company had done so, noting it did not make sense to refinance the existing debt. Mr. Powell wanted the Board to be informed of that evaluation.

Mr. Rose noted if any changes occurred, the Board and JCSA would be notified regarding interest rates and circumstances. He further noted Davenport and Company were monitoring the rates and would notify Mr. Powell of any changes.

The Board thanked Mr. Rose.

Mr. Powell noted the Board's consensus and that he would present a resolution to move forward at the next meeting.

**D. PUBLIC COMMENT**

None.

**E. CONSENT CALENDAR**

A motion to Approve was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

1. Minutes Adoption - January 28, 2020, Regular Meeting

**F. PUBLIC HEARING(S)**

None.

**G. BOARD CONSIDERATION(S)**

A motion to Approve was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

1. Setting a Public Hearing - Fiscal Year 21 Utility Rates

Mr. Powell noted staff was preparing the Fiscal Year 2021 budget. He further noted recommendation for the Board's authorization of a public hearing on April 14, 2020, on the proposed fee changes. He noted the fee changes would be effective July 1, 2020. Mr. Powell further noted these proposed fee changes were consistent with those recommended at the January 28, 2020 Work Session on the rate study. He noted the study proposed a change to the water rates structures in relation to tiers and 4,000 gallon increments. He highlighted the other changes included an increase to the grinder pump maintenance fee and a system facility fee. He noted the Board's action for this meeting was to authorize the public hearing for the rates.

**H. BOARD REQUESTS AND DIRECTIVES**

Mr. Hipple asked Mr. Powell about the cost of the grinder pump. He noted County financial assistance to citizens who had grinder pumps.

Mr. Powell noted he had a spreadsheet with the information that he would share with the Board members.

**I. GENERAL MANAGER'S UPDATE**

Mr. Powell updated the Board with the timeline on the monthly billing. He noted the transition will begin in May. He further noted the advantages of the change. Mr. Powell noted that starting in May every customer who received a bill in February will receive a bill for 90 days;

every customer who receives their quarterly bill in March will receive a bill for 60 days; and every customer who receives their quarterly bill in April will receive a bill for 30 days. He further noted May will be the transition month with those bills due in June. Mr. Powell stated that in June everyone will get a monthly bill with a due date in July.

Ms. Sadler asked if that information would be in the bills.

Mr. Powell confirmed yes. He noted public information was already in place on the JCSA website, but would also be communicated through various resources. He further noted his availability to speak to neighborhood groups. Mr. Powell noted he spoke at the recent Community Conversations and the main issue that arose centered on submeters. He further noted customers with submeters would be required to submit their readings on a monthly basis instead of quarterly as previously done. Mr. Powell noted the submissions were only necessary on the months the customers used their submeters for irrigation.

## **J. ADJOURNMENT**

1. Adjourn until 4 p.m. on March 24, 2020, for the Regular Meeting

A motion to Adjourn was made by James Icenhour Jr, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

At approximately 4:38 p.m., Ms. Sadler adjourned the Board of Directors.

  
Deputy Secretary