

PURPOSE

The JCSA Debt Service Fund provides for the payment of principal and interest on long-term general obligation debt of the JCSA. The Debt Service Fund provides financing for the Five Forks Groundwater Treatment Facility (FFWTF) and Project Development Agreement (PDA) with the City of Newport News.

Five Forks Groundwater Treatment Facility. Revenue Bonds, Series 2003, were issued in 2004 to finance the construction of the FFWTF. In June 2005 the JCSA completed the construction of the 5.0 million gallons per day (mgd) groundwater treatment facility which has reverse osmosis technology to treat water from the Potomac Aquifer. Debt Service for the revenue bonds is for a 15-year period.

Revenues - Contributions from the JCSA's Water Fund are the basic source of revenue.

Expenses - Debt Service spending includes both the principal payments on bonds sold to investors and the interest payments on those bonds. Bond payments began in FY 2004 and covered approximately nine months of interest, with the first payment made January 15, 2004, in the amount of approximately \$862,675. Future payments are projected to be \$1.4 million annually with the final payment to be made in 2018.

Project Development Agreement with the City of Newport News. Revenue Bonds, Series 2008, were issued in 2008 to finance the agreement with the City of Newport News to share the costs of a Regional Water Supply Project. The PDA includes a provision for the JCSA to finance 20 percent of the total project costs and in return will be provided a minimum of 4 million gallons of water per day to meet future water demands. The estimated JCSA cost is \$50 million to be paid in two installments. The first installment of \$25 million was paid in December 2008 and the second installment of \$25 million will be paid in December 2019, if it is determined that the additional water is needed. If the second installment is not made available, water will be reduced to 2 million gallons per day.

Revenues – Contributions from the JCSA's CIP Fund are the basic source of revenue.

Expenses – Debt Service spending includes both the principal payments on bonds sold to investors and the interest payments on those bonds. Financing for the first \$25 million is being made over 30 years through issuance of revenue bonds. Bond principal and interest payments are estimated to total \$1,648,000 for FY 2010. Future payments are projected to be \$1.7 million annually with the final payment to be made in 2040.

BUDGET SUMMARY

	FY 11 <u>Adopted</u>	FY 12 <u>Plan</u>	FY 12 <u>Adopted</u>
<u>Revenues:</u>			
Water Fund Contribution	\$1,384,632	\$1,383,444	\$1,383,444
Capital Improvements Program	<u>1,646,000</u>	<u>1,645,000</u>	<u>1,645,000</u>
Total	<u>\$3,030,632</u>	<u>\$3,028,444</u>	<u>\$3,028,444</u>
<u>Expenses:</u>			
Revenue Bonds, Series 2003	\$1,384,632	\$1,383,444	\$1,383,444
Revenue Bonds, Series 2008	<u>1,646,000</u>	<u>1,645,000</u>	<u>1,645,000</u>
Total	<u>\$3,030,632</u>	<u>\$3,028,444</u>	<u>\$3,028,444</u>