



**RAPIDAN SERVICE AUTHORITY
BOARD OF MEMBERS AGENDA
19-Feb-26**

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**NOTE: MEETING TO BE HELD AT THE MADISON COUNTY VOLUNTEER FIRE STATION
1223 N MAIN ST, MADISON, VA 22727**

**TO VIEW THE MEETING VIRTUALLY, VISIT
<https://www.youtube.com/live/SX-DoaitkQ4>**

A regular meeting of the Board of Members of Rapidan Service Authority was held on January 15, 2025, at the Orange County Public Safety Building, Orange, VA.

A quorum was present and the meeting was called to order at 2:00 p.m., followed by the Pledge of Allegiance.

Present:	Members:	Coppage, Davies, Elliott, Johnson, Marshall
	Staff:	G.M. Clemons, Asst. G.M. Jarrell, D.A. Gaskins
	Attorney:	Stefan Calos

Since D.A. Gaskins will be leaving RSA in early February and RSA will need an additional individual authorized to conduct banking affairs, G.M. Clemons added a proposed resolution as item 7H to the agenda to deal with the matter. The revised agenda for the meeting was adopted on a motion by Coppage, seconded by Marshall, and passed on a unanimous voice vote.

The annual election of Board officers then took place. The current officers are Mr. Johnson (Chairman), Mr. Coppage (Vice-Chairman) and G.M. Clemons, (Secretary-Treasurer). D.A. Gaskins currently serves as Assistant Secretary-Treasurer, and G.M. Clemons recommended that Asst. G.M. Jarrell take on that role. Coppage made a motion, seconded by Marshall, to re-elect the current slate of officers with Asst. G.M. Jarrell serving as Assistant Secretary-Treasurer. The motion passed unanimously on a voice vote.

The minutes of the December 18, 2025 meeting were approved on a motion by Davies, seconded by Elliott, and passed unanimously on a voice vote.

There was no public comment and no customer requests presented.

During the opportunity for Board comment, Mr. Davies expressed concern that a customer had contacted him indicating that he had been threatened with potential cut-off without sufficient notice and that his payment check had been destroyed. G.M. Clemons and D.A. Gaskins explained RSA's cut-off procedures – RSA does not cut anyone off until they are two months overdue on their bill - and confirmed that there had been an incident where 40 – 50 checks were mistakenly destroyed. However, RSA employees had reached out to all those affected by the incident so that they could make a replacement payment. G.M. Clemons asked Mr. Davies to forward the information regarding the person who had contacted him so that he might check into the matter further.

RSA and the Board then recognized Trace Gaskins, who is leaving RSA and moving to South Carolina, with a plaque in honor of his 12 years of service. Members of the Board expressed appreciation for his service to RSA and for his prompt help whenever they had questions and wished him well on his move.

Asst. G.M. Jarrell then updated the Board with regard to the consent order RSA entered into with the Virginia Board of Health last June. RSA worked with the local DEQ office to develop a corrective action plan and has included the 2nd update on this plan in the Board packet. (These items are also available for viewing on RSA's website.) RSA is moving forward, but one major item – an asset management plan – will take a considerable amount of time. RSA is still working on assessing the condition of its field assets

such as pipes and valves and will keep the Board updated at six-month intervals, as the work progresses. RSA will probably also use a consultant to work on the asset management plan as the plan needs to be comprehensive and useful for many years to come.

Asst. G.M. Jarrell then gave an update on several of RSA's capital projects. With regard to the Madison WWTP Upgrade, RSA is currently responding to Madison County's site comments and does not anticipate any problems there. The expected grant is \$3.2 million, which is higher than initially expected but reflects the fact that the cost of the upgrade is higher than originally expected. As soon as the site plan approval is received, the contractor will be able to start demolition. The plant construction project does not include the force main and new outfall at the Robinson River, which has to be completed before RSA can actually increase customers and volume to the plant. RSA expects to complete the plant project during the third quarter of 2027 and anticipates the outfall project being completed in the same timeframe..

The next project is the Route 20 Metering & Pressure Reduction Vault. RSA has already had a site visit with the Town of Orange, and work can begin as soon as materials are received. It should not take long and has an estimated completion date for the second quarter of 2026.

The third project is the Lake of the Woods Vacuum Sewer Monitoring. As a result of a study in 2024, it was recommended that RSA add an alert system at high-risk sites around the lakes to minimize the impact on surface water in the event of an equipment malfunction. RSA has received two bids for the project, both from companies whose work they are familiar and comfortable. Staff are scoring the bids now and hope to be back to the Board next month with a recommendation for bid award.

The Lake of the Woods Vacuum Pump Station Upgrades is the next project. As a result of the 2024 study, RSA is seeking to upgrade the 13 pump stations in Lake of the Woods, and a fee has been implemented to help fund this project. Legal counsel is working to develop the necessary procurement documents required. It is a very large project and correct financing of the project (estimated cost - \$23 million) will be important. There are possibilities of grants and/or legislative-directed financing, and RSA will come back to the Board as needed to help obtain these resources.

The final project is the Wilderness WTP Phase 2 Expansion. This is in the preliminary engineering stage. One of RSA's consultants is investigating the activated carbon treatment which would take care of taste and odor issues, disinfection by-products and emerging contaminants that are not yet fully known. The expansion would build on the Phase 1 additions recently completed and would include additional raw water storage, pre-treatment facilities and finished water storage. This is another high-cost project (estimated cost - \$31 million), and much work would need to be done by the Board and staff before proceeding.

RSA has also posted a job position for a capital projects manager who would work with consultants and engineers from design to finish on the projects. Additionally, the current consulting engineering contracts expire in May and June, and RSA will be evaluating their current consultants and posting RFPs for future contracts.

Asst. G.M. Jarrell then gave an update on the lead service line inventory update mandated by the EPA. Staff have worked diligently on this project and have not found any lead pipes in RSA's water systems to date. Letters have been sent to customers with unknown service lines, and RSA will be working over the next two years to reclassify any remaining unknown lines. RSA has posted extensive information about

the project on its website and provided a link for customers to look up information about their own service lines.

The banking resolution added to the agenda at the beginning of the meeting was then brought to the Board for approval. The resolution allows G.M. Clemons and RSA's accountant, Cindy Breeden, to open accounts with financial institutions and perform financial transactions on RSA's behalf, designates the General Manager as a trustee of RSA's Deferred Compensation Plan and Defined Contribution Plan, and empowers the RSA Board officers to execute and deliver the usual resolutions required by various financial institutions to evidence the authority contained therein. On a motion by Davies, seconded by Coppage, the resolution was approved on a roll call vote.

G.M. Clemons then gave his report. He has checked into logistics for the suggested RSA Board retreat and scheduled the Orange County Airport conference room for the meeting. The retreat will begin at 9:00 a.m. on January 29, and lunch will be provided.

G.M. Clemons then announced that DEQ placed the Lower Piedmont counties of Virginia under a drought watch. The situation is not yet critical, but we do need rain and G.M. Clemons thought the Board should be aware of the designation.

He then informed the Board that there is a conflict with the use of the Madison County Administration Building for next month's meeting, and RSA will therefore be having its February meeting at the Madison County Volunteer Fire Station. He reminded the Board members that have not done so to please complete and return their required annual financial disclosure forms.

G.M. Clemons indicated that RSA had finished 2025 in decent financial shape and then closed his report by announcing his resignation effective June 27. He expressed appreciation for the people he had worked with over his many years in the water industry and for the opportunity he had to fulfill many of his goals for RSA as General Manager.

Attorney Calos then gave his report. He expressed appreciation for the service of D.A. Gaskins and said that he would be saying more about G.M. Clemons as we get closer to June 27. He reiterated the fact that RSA's participation in the PFAS settlements had been a good choice even though he was not able to bring an anticipated additional check with him that day.

The Board then went into closed session at 2:34 p.m. after unanimously passing on a voice vote the following motion made by Coppage, seconded by Elliott (motion attached).

Upon leaving the closed session at 3:11 p.m., each member of the Board individually certified that only permissible topics had been discussed during the closed session.

With no further business to discuss, on a motion by Davies the Board voted unanimously to adjourn at 3:13 p.m.

Chairman

**MOTION TO ENTER INTO CLOSED SESSION AT
THE ANNUAL MEETING OF THE BOARD OF MEMBERS OF THE
RAPIDAN SERVICE AUTHORITY ON JANUARY 15, 2026**

I move that the Board of Members of the Rapidan Service Authority enter into closed session for the following, pursuant to Virginia Code section 2.2-3711(A)(1) and (7), respectively:

Discussion and consideration of the resignation (retirement) of RSA's general manager, and consultation with legal counsel and briefings by staff members pertaining to probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of RSA.

Motion by: Coppage

Seconded by: Elliott

The motion passed unanimously by voice vote.

Upon leaving the closed session and entering back into open session, please state the following:

Pursuant to Virginia Code § 2.2-3712(D), (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting by the RSA board. Should any members of the board believe that there was a departure from the foregoing requirements, please so state at this time, prior to the vote, and indicate the substance of the departure that, in their judgment, has taken place.

I would ask each Board Member to certify that the foregoing requirements were met, by saying "AYE".

Coppage	<u>X</u>
Davies	<u>X</u>
Elliott	<u>X</u>
Johnson	<u>X</u>
Marshall	<u>X</u>

All Board Members certified by saying "AYE", except _____



Memorandum

To: RSA Board of Members

From: David Jarrell, AGM

CC:

Date: February 16, 2026

Re: Customer Requests (2)

308 Confederate Dr

RSA staff received a letter and supporting documentation from a customer, Brooke Wilson, who resides at 308 Confederate Drive in Lake of the Woods. As detailed in her letter, she is requesting reimbursement for estimated excess sewer charges related to outdoor watering during 2025.

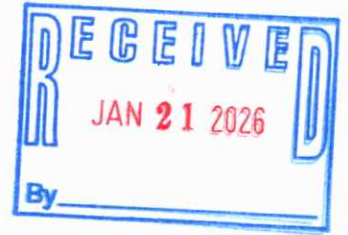
Ms. Wilson has an irrigation meter installed on her property which is meant to provide RSA with metering data for water used for outdoor irrigation. This volume is subtracted from the total usage (measured by the main RSA meter) in order to reduce sewer charges. Because the irrigation meter was not turned on by Ms. Wilson in 2025, RSA was unable to meter water not entering the sewer system. RSA offers a one-time exoneration for up to three months of excess sewer charges related to watering. Staff can assist Ms. Wilson with this process if the Board wishes.

509 Wakefield Dr

An email was sent to the RSA Board email address from a customer, Al Sample, who resides at 509 Wakefield Drive in Lake of the Woods. Mr. Sample is requesting a change in policy regarding billing for zero usage. Currently, RSA offers reduced fees via a "Temporary Off Request" for users who do not require water service for an extended period. Upon request, RSA will turn off water at the meter and charge a \$50 service fee. Inside Lake of the Woods, monthly fees are reduced to the "Non-User" rate, \$38.33 in 2026.

308 Confederate Dr.
Locust Grove, VA 22508
January 21, 2026

RSA Board
Attn: Mr. Jim Clemens, General Manager
Re: Over charges for water usage



Dear Mr. Clemens,

When I moved to LGW in 2004, I decided to install a second water meter for irrigation. Normally, I turn it on in the Spring and off in the Fall. When I tried to turn it on last Spring, it moved only a little bit. It was too hard for me to move. I neglected to ask my neighbor to help me turn it on all the way.

I had a tree cut down in the front yard last summer. Due to all of the sawdust and trampling on the lawn, it was totally destroyed. I decided to make a concerted effort to restore it. As you know, the mud and clay that we have for soil makes it difficult to grow anything. It was hot and dry last summer that I needed to water the lawn daily to make the grass seed germinate and grow. Most of the water I used went on the grass seed, NOT into the sewer system. In April, my monthly charge went from \$61.44 to \$93.82. I'm hoping you will look back over the years and see that my water usage has been within my allowance most of the time. I have included 5 years of graphs so you can see that. I would greatly appreciate adjustments to the monthly charges of the past summer that total \$184.64. Also I included my monthly charges and the overcharge. I would be satisfied with credit towards the next 2 months.

I realize these charges are the result of my negligence to turn the irrigation meter fully on and I appreciate your consideration, you can come see my grass if you want. In the Spring, it will be beautiful and an asset to this community.

yours truly,
Brooke A. Wilson

308 Confederate Dr
2025

12/30/25 - 1/20/66 93.82
11/26/25 - 12/20/25 96.93
10/20/25 - 11/20/25 111.76
9/26/25 - 10/20/25 153.28
8/27/25 - 9/22/25 162.07
7/29/25 - 8/29/25 112.81
6/29/25 - 7/21/25 99.95
5/18/25 - 6/20/25 104.48
4/29/25 - 5/20/25 93.82

12/30/25 96.93
- 93.82
3.11

11/20/25 111.76
- 93.82
17.94

10/20/25 153.28
- 93.82
59.46

9/22/25 162.07
- 93.82
68.25

8/20/25 112.81
- 93.82
18.99

7/21/25 99.95
- 93.82
6.13

6/20/25 104.48
- 93.82
10.66

5/20/25 —

\$ 3.11
17.94
59.46
68.25
18.99
6.13
10.66
\$ 184.64 - over



Serving the Counties of Greene, Madison and Orange

Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508
(540) 972-2133

RSA has secured CARES Act funds to assist customers with COVID-related arrearages. You must complete an application at www.rapidan.org/CARES-Act-Assistance before January 8th to receive assistance

BROOKE H WILSON
308 Confederate DR
LOCUST GROVE, VA 22508-5347

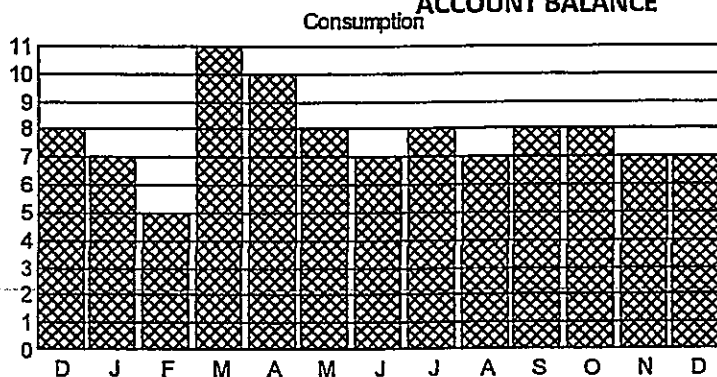
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[Handwritten signature]

BILLING ID: [REDACTED]
ACCOUNT NUMBER: [REDACTED]
BILL DATE: 12/29/2020
DUE DATE: 01/20/2021

SERVICE ADDRESS: 308 Confederate DR

METER READINGS:	TYPE	DATES	DAYS	BALANCE FROM PREVIOUS BILL	\$61.44
PRIMARY 76661781				AMOUNT OF LAST PAYMENT	\$61.44
CURRENT 3993	Actual	12/10/2020	30	NEW CHARGES	
PREVIOUS 3986		11/10/2020		Water Charges	\$16.88
SECONDARY 81623460				Sewer Charges	\$44.56
CURRENT 730	Actual	12/10/2020	30	Late Charges	\$0.00
PREVIOUS 730		11/10/2020		Misc/Other Charges	\$0.00
WATER CONSUMPTION = 700					
SECONDARY METER = 0				BALANCE FORWARD	\$0.00
CURRENT CHARGES DUE DATE 01/20/2021				TOTAL CURRENT CHARGES	\$61.44
				ACCOUNT BALANCE	\$61.44



Please see other side to review payment types and important RSA Information
SEE WEBSITE (RAPIDAN.ORG) FOR HOLIDAY CLOSINGS

Please remove and return the bottom portion with your payment



Serving the Counties of Crenshaw, Madison and Orange

Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508
(540) 972-2133

BROOKE H WILSON
308 Confederate DR
LOCUST GROVE, VA 22508-5347

1548

BILLING ID:
ACCOUNT NUMBER:
BILL DATE:
DUE DATE:

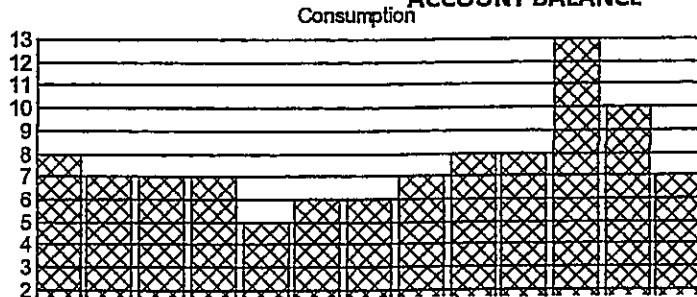
10/27/2021
11/22/2021

SERVICE ADDRESS: 308 Confederate DR

METER READINGS:	TYPE	DATES	DAYS	BALANCE FROM PREVIOUS BILL	
PRIMARY 76661781				\$61.44	
CURRENT 4108	Actual	10/07/2021	28	AMOUNT OF LAST PAYMENT	\$61.44
PREVIOUS 4077		09/09/2021		NEW CHARGES	
SECONDARY 81623460				Water Charges	\$21.76
CURRENT 768	Actual	10/07/2021	28	Sewer Charges	\$44.56
PREVIOUS 744		09/09/2021		Late Charges	\$0.00
				Misc/Other Charges	\$0.00
WATER CONSUMPTION =	3100				
SECONDARY METER =	-2400				
CURRENT CHARGES DUE DATE	11/22/2021				

BALANCE FORWARD
TOTAL CURRENT CHARGES
ACCOUNT BALANCE

\$0.00
\$66.32
\$66.32



11/16/15
2/11/02/

12767969-305-1-1*
Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508
(540).972-2133



12767969-305-1 1 1 *****AUTO**5-DIGIT 22482

558



BROOKE H WILSON
308 CONFEDERATE DR
LOCUST GROVE VA 22508-5347

BILLING ID:

ACCOUNT NUMBER:

BILL DATE:

11/29/2022

DUE DATE:

12/20/2022

SERVICE ADDRESS: 308 Confederate DR

METER READINGS:	TYPE	DATES	DAYS	BALANCE FROM PREVIOUS BILL	\$61.44
PRIMARY 11790199				AMOUNT OF LAST PAYMENT	\$61.44
CURRENT 280	Actual	11/09/2022	29	NEW CHARGES	
PREVIOUS 232		10/11/2022		Water Charges	\$29.31
SECONDARY 11790200				Sewer Charges	\$44.56
CURRENT 204	Actual	11/09/2022	29	Late Charges	\$0.00
PREVIOUS 161		10/11/2022		Misc/Other Charges	\$0.00
WATER CONSUMPTION = 4800					
SECONDARY METER = -4300					
CURRENT CHARGES DUE DATE	12/20/2022				

BALANCE FORWARD

TOTAL CURRENT CHARGES

ACCOUNT BALANCE

\$0.00

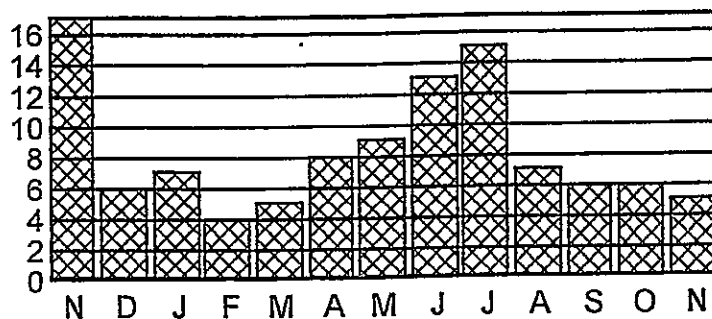
\$73.87

\$73.87

117903

12 Dec '22

Consumption



CLOSED 12/23

Please see other side to review payment types and important RSA information

Please remove and return the bottom portion with your payment

14599730-289-1-1
Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508
(540) 972-2133



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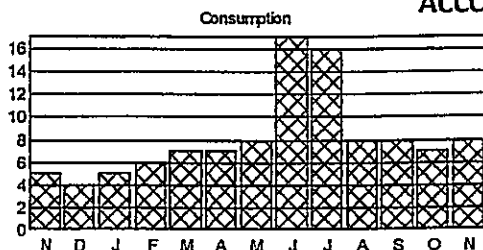


BROOKE H WILSON
308 CONFEDERATE DR
LOCUST GROVE VA 22508-5347

BILLING ID: [REDACTED]
ACCOUNT NUMBER: [REDACTED]
BILL DATE: 11/28/2023
DUE DATE: 12/20/2023

SERVICE ADDRESS: 308 Confederate DR

METER READINGS:	TYPE	DATES	DAYS	BALANCE FROM PREVIOUS BILL	\$61.44
PRIMARY 11790199				AMOUNT OF LAST PAYMENT	\$61.44
CURRENT 411	Actual	11/09/2023	30	NEW CHARGES	
PREVIOUS 390		10/10/2023		Water Charges	\$17.32 After 12-20-23
SECONDARY 11790200				Sewer Charges	\$44.56 please pay \$68.07
CURRENT 234	Actual	11/09/2023	30	Late Charges	\$0.00 which includes a
PREVIOUS 221		10/10/2023		Misc/Other Charges	\$0.00 \$6.19 late fee.
WATER CONSUMPTION =	2100				
SECONDARY METER =	-1300			BALANCE FORWARD	\$0.00
CURRENT CHARGES DUE DATE	12/20/2023			TOTAL CURRENT CHARGES	\$61.88
				ACCOUNT BALANCE	\$61.88



Please see other side to review payment types and important RSA information

Please do not pay this bill. Payment will be automatically deducted from your Bank Account.

RSA OFFICES CLOSED DEC 22 (NOON) & DEC 25 (ALL DAY)

Please remove and return the bottom portion with your payment

Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508
(540) 972-2133

16416754-295-1 1 1 *****AUTO**5-DIGIT 22482

1337

BROOKE H WILSON
308 CONFEDERATE DR
LOCUST GROVE VA 22508-5347

BILLING ID:

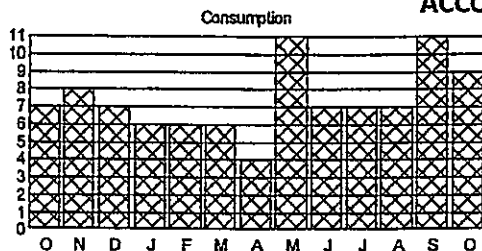
ACCOUNT NUMBER:

BILL DATE: 10/29/2024

DUE DATE: 11/20/2024

SERVICE ADDRESS: 308 Confederate DR

METER READINGS:	TYPE	DATES	DAYS	BALANCE FROM PREVIOUS BILL	\$11.44
PRIMARY 11790199				AMOUNT OF LAST PAYMENT	\$11.44
CURRENT 573	Actual	10/16/2024	29	NEW CHARGES	
PREVIOUS 562		09/17/2024		Water Charges	\$16.88 After 11-20-24
SECONDARY 11790200				Sewer Charges	\$44.56 please pay \$67.59
CURRENT 315	Actual	10/16/2024	29	Late Charges	\$0.00 which includes a
PREVIOUS 313		09/17/2024		Misc/Other Charges	\$0.00 \$6.15 late fee.
WATER CONSUMPTION = 1100				Flushing Credit	\$0.00
SECONDARY METER = -200				BALANCE FORWARD	\$0.00
CURRENT CHARGES DUE DATE 11/20/2024				TOTAL CURRENT CHARGES	\$61.44
				ACCOUNT BALANCE	\$61.44



Please see other side to review payment types and important RSA Information

Please do not pay this bill. Payment will be automatically deducted from your Bank Account.

RSA OFFICES CLOSED 11/5 & 11/11 *SUMMER CONSERVATION RATE IN EFFECT - ADDL \$1/1000 GALs OVER 6000 GALs*

Please remove and return the bottom portion with your payment

From: Al Sample <alsample@pinchot.org>

Sent: Friday, January 23, 2026 2:06 PM

To: RSA Board <rsaboard@Rapidan.org>

Subject: Mark Johnson - account review

Dear Mr. Johnson,

I was directed to you by RSA office staff with a question regarding our account for water and sewer services at 509 Wakefield Dr in Locust Grove. We have been RSA customers for 15 years, since we purchased our home in Lake of the Woods. We are among the many "weekenders" there, with the vast majority of our time (and water/sewer usage) occurring when we are there during July and August. As your records will probably confirm, our usage during most of the rest of the year is minimal or zero.

In our latest RSA invoice, a notice was included about a 3% increase as part of RSA's five-year rate plan. This is in addition to a recent 57% increase from \$56.44 to \$88.82 in your monthly minimum charge. Our annual bill is now \$1,097.82. Nearly \$1,000 of this is for the portion of the year when our metered use is essentially zero.

I am familiar with RSA's Temporary Off Request with its \$50 fee, which I can use if necessary. My understanding is that this requires one of your technicians to come to our address to physically turn off the water, and another trip to turn it on again, so it seems a lot of time and trouble for RSA for us to do this several times each year when we are there for a weekend during the off-season.

So I am inquiring now as to whether there is (or could be) an option for RSA charging our account based on actual metered usage as most utilities do. If for RSA cash-flow convenience it would be best to average this across the year as many utilities prefer, we can certainly do that. If this is something that needs to be proposed to the RSA Board of Members, I would be pleased to work with you on developing and presenting the necessary proposal.

If you have questions or would like to discuss this potential proposal, please give me a call at 703 256-1190, or I would be happy to give you a call at your convenience.

Many thanks,

Al Sample

~~~~~

V. Alaric Sample

Environmental Science & Policy

George Mason University

202 744-6139 mobile

[vsample@gmu.edu](mailto:vsample@gmu.edu)

[alsample@pinchot.org](mailto:alsample@pinchot.org)

# RFP Results Summary

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Rapidan Service Authority, Virginia



February 19, 2026

- Davenport & Company LLC (“Davenport”) serves as independent Financial Advisor to Rapidan Service Authority, Virginia (the “Authority”).
- On December 18, 2025, Davenport presented to the Board of Supervisors (the “Board”) a Historical Financials and Rating Overview presentation that analyzed two scenarios for the Authority’s Capital Improvement Program (“CIP”).
  - Scenario 1: \$13 million debt financing (no grant funding received)
  - Scenario 2: \$10 million debt financing (\$3 million grant funding received)
- During the December 18<sup>th</sup> meeting, the Board provided approval to move forward with a competitively bid bank to finance various capital projects and purchases including, but not limited to, a new sewer plant and water system improvements for approximately \$13,000,000.
  - The exact amount of these projects and purchases is not confirmed as the Authority is awaiting potential grant funding, so the Authority decided to move forward with interim financing to provide flexibility.
- On January 13<sup>th</sup>, Davenport distributed a request for proposals (“RFP”) on behalf of the Authority to local, regional, and national banks for a Direct Bank Loan to provide interim financing in an amount up to \$13,000,000 in the form of either a Drawdown Line of Credit or Bond Anticipation Note (the “2026 Financing”).
- On February 4<sup>th</sup>, Davenport received proposals from financing institutions in response to the RFP. The results of the bidding process are contained herein.



- The Authority received six (6) proposals for the 2026 Financing from the following institutions:
  - Webster Public Finance Corporation (“Webster”);
  - Huntington Public Capital Corporation (“Huntington”);
  - Atlantic Union Public Finance (“Atlantic Union”);
  - Truist Bank (“Truist”);
  - CoBank; and,
  - Crews & Associates, Inc. (“Crews”).
  
- Per the RFP:

## Financing Vehicle:

**Option 1:** Non-Revolving Line of Credit Note

**Option 2:** Bond Anticipation Note

## Final Maturity:

**Option A:** February 1, 2028 (2-year term)

**Option B:** February 1, 2029 (3-year term)

- Based on the six (6) proposals, the remainder of this analysis focuses on **Webster's 3-Year Term Bond Anticipation Note proposal** for reasons including, but not limited to, the following:
  - Fixed rate through the life of the loan (3-Year Term maturing February 1, 2029).
  - Lowest 3-year interest rate (3.63%); minimal additional fees (NTE \$5,000).
    - The proposed interest rate of 3.63% is well below the planning interest rate of 4.50%.
  - Flexible prepayment provisions (prepayable in whole or in part, at par, on or after February 2, 2028).
  - Ability to reinvest proceeds in the Virginia State Non-Arbitrage Program (*earning 3.85% as of February 5, 2026*).
  - Security in-line with requested structure.
- The other five (5) proposals received were missing one or more of the above attributes including, but not limited to:
  - Huntington: Higher interest rate (3.84%).
  - Atlantic Union: Higher interest rate (4.03%) and higher fee (\$7,500).
  - Truist: Higher interest rates subject to change based on market movement and stricter prepayment provisions.

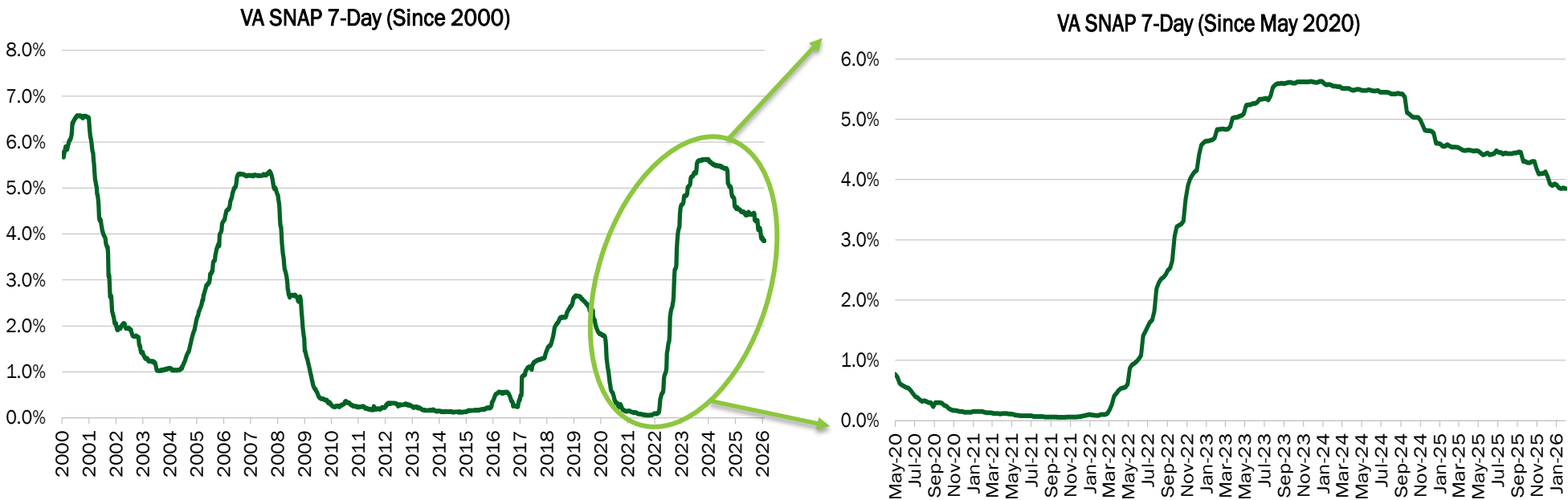
# Bank RFP Process | Debt Service (3-Year Maturity)

- The debt service for the below proposals is lower than the planning estimate.

|    | A                                       | B                   | C                           | D                            |
|----|-----------------------------------------|---------------------|-----------------------------|------------------------------|
|    | Preliminary Results - 3-Year Term       | Planning Estimate   | Webster                     | Huntington                   |
| 1  | <b>Key Assumptions</b>                  |                     |                             |                              |
| 2  | Closing Date                            | 3/27/2026           | 3/27/2026                   | 3/27/2026                    |
| 3  | First Interest Payment                  | 8/1/2026            | 8/1/2026                    | 8/1/2026                     |
| 4  | Final Maturity                          | 2/1/2029            | 2/1/2029                    | 2/1/2029                     |
| 5  | <b>Fixed Interest Rate</b>              | <b>4.50%</b>        | <b>3.63%</b>                | <b>3.84%</b>                 |
| 6  | Prepayment Provisions                   | N/A                 | At Par On/After<br>2/2/2028 | At Par On/After<br>3/27/2027 |
| 7  | <b>Par Amount</b>                       |                     |                             |                              |
| 8  | Par Amount                              | \$ 13,000,000       | \$ 13,000,000               | \$ 13,000,000                |
| 9  | <b>Estimated Interest*</b>              |                     |                             |                              |
| 10 | 2026                                    | \$ 201,500          | \$ 162,543                  | \$ 171,947                   |
| 11 | 2027                                    | 585,000             | 471,900                     | 499,200                      |
| 12 | 2028                                    | 585,000             | 471,900                     | 499,200                      |
| 13 | 2029                                    | 292,500             | 235,950                     | 249,600                      |
| 14 | <b>Total Estimated Interest*</b>        | <b>\$ 1,664,000</b> | <b>\$ 1,342,293</b>         | <b>\$ 1,419,947</b>          |
| 15 | <b>Difference vs. Planning Estimate</b> |                     | <b>\$ (321,707)</b>         | <b>\$ (244,053)</b>          |
| 16 | <b>Difference vs. Webster Proposal</b>  | <b>\$ 321,707</b>   |                             | <b>\$ 77,653</b>             |

\*Preliminary, subject to change.

# Reinvestment Rate Trends | VA SNAP



Short-term reinvestment rates have increased to levels last seen over a decade ago.

| Date                                                                | Task                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thursday, February 19<br>2:00 pm                                    | <b><u>Authority Board of Supervisors Meeting:</u></b> <ul style="list-style-type: none"><li>▪ Davenport presents summary of bank proposals.</li><li>▪ Authority Board considers selecting the winning lender.</li><li>▪ Authority Board considers adopting Final Resolution and forms of financing documents.</li></ul> |
| Thursday, March 19<br>2:00 pm<br><i>[Placeholder, if Necessary]</i> | <b><u>Authority Board of Supervisors Meeting:</u></b> <ul style="list-style-type: none"><li>▪ Authority Board considers adopting Final Resolution and forms of financing documents, if not done previously.</li></ul>                                                                                                   |
| By Friday, March 27                                                 | Closing on Direct Bank Loan.                                                                                                                                                                                                                                                                                            |

# Appendix

# Bank RFP Process | Interest Rate & Prepayment Summary



Below is a summary of the proposals for the 2026 Financing.

| A<br>Lender             | B<br>Call Provisions                                                                                                               |                                                                                                                                | D<br>Interest Rate                                                                                                                                                                                                                                                                      |                                            | F<br>Additional Fees         | G<br>Term Sheet Expiration |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------|----------------------------|
|                         | 2-Year Maturity                                                                                                                    | 3-Year Maturity                                                                                                                | 2-Year Maturity                                                                                                                                                                                                                                                                         | 3-Year Maturity                            |                              |                            |
| 1 Webster               | No Prepayment.                                                                                                                     | Prepayable in whole or in part at par anytime on or after 2/2/28. <sup>(1)</sup>                                               | 3.55%                                                                                                                                                                                                                                                                                   | 3.63%                                      | NTE \$5,000.                 | 2/20/26                    |
| 3 Huntington            | Prepayable in whole or in part at par anytime on or after 3/27/27. Partial prepayments can only be made once per calendar quarter. |                                                                                                                                | 3.78%                                                                                                                                                                                                                                                                                   | 3.84%                                      | NTE \$5,000.                 | 2/20/26                    |
| 4 Atlantic Union        | Prepayable in whole or in part without penalty.                                                                                    |                                                                                                                                | 3.98%                                                                                                                                                                                                                                                                                   | 4.03%                                      | \$7,500.                     | 2/27/26                    |
| 5 Truist <sup>(4)</sup> | No Prepayment.                                                                                                                     | (1) Make Whole Provision.<br>(2) Prepayable anytime without penalty.                                                           | Option A <sup>(2)</sup> (Deposits): 3.69%<br>Option B <sup>(3)</sup> (No Deposits): 4.08%<br>Option 1A (Make Whole & Deposits): 3.71%<br>Option 1B (Make Whole & No Deposits): 4.11%<br>Option 2A (Prepay Anytime & Deposits): 4.03%<br>Option 2B (Prepay Anytime & No Deposits): 4.43% |                                            | \$10,000.                    | 2/28/26                    |
| 6 CoBank <sup>(4)</sup> | Variable Rate Option: No prepayment penalties.<br>Term SOFR Option: Prepayment may incur a surcharge.                              |                                                                                                                                | Variable Rate Option: 5.14% Daily SOFR (5day lookback) + 150 bps<br>Term SOFR Option: 5.17% = 30 days + 150 bps; 5.17% = 90 days + 150 bps; 5.13% = 180 days + 150 bps                                                                                                                  |                                            | NTE \$22,500.                | 3/30/26                    |
| 7 Crews <sup>(4)</sup>  | Prepayable in whole, anytime with 30 days notice, at 101% on or before 2/1/27, or 100% thereafter.                                 | Prepayable in whole, anytime with 30 days notice, at 101% on or before 2/1/27, 100.5% on or before 2/1/28, or 100% thereafter. | 3.80%<br>Average life SOFR swap rate (3.42%) + spread (0.38%)                                                                                                                                                                                                                           | 3.85%<br>ALS rate (3.45%) + spread (0.40%) | NTE \$45,500 (0.35% of par). | 2/11/26                    |

(1) Requires 30-days written notice.

(2) 79% of 1-Month Term SOFR + 0.79%.

(3) 79% of 1-Month Term SOFR + 1.18%.

(4) Indicative, subject to change until rate lock agreement is signed or proposal is approved.

# Bank RFP Process | Debt Service (2-Year Maturity)

- The debt service for the below proposals is lower than the planning estimate.

|    | A                                       | B                   | C                   | D                         |
|----|-----------------------------------------|---------------------|---------------------|---------------------------|
|    | Preliminary Results - 2-Year Term       | Planning Estimate   | Webster             | Huntington                |
| 1  | <b>Key Assumptions</b>                  |                     |                     |                           |
| 2  | Closing Date                            | 3/27/2026           | 3/27/2026           | 3/27/2026                 |
| 3  | First Interest Payment                  | 8/1/2026            | 8/1/2026            | 8/1/2026                  |
| 4  | Final Maturity                          | 2/1/2028            | 2/1/2028            | 2/1/2028                  |
| 5  | <b>Fixed Interest Rate</b>              | <b>4.50%</b>        | <b>3.55%</b>        | <b>3.78%</b>              |
| 6  | Prepayment Provisions                   | N/A                 | Not Prepayable      | At Par On/After 3/27/2027 |
| 7  | <b>Par Amount</b>                       |                     |                     |                           |
| 8  | Par Amount                              | \$ 13,000,000       | \$ 13,000,000       | \$ 13,000,000             |
| 9  | <b>Estimated Interest*</b>              |                     |                     |                           |
| 10 | 2026                                    | \$ 201,500          | \$ 162,543          | \$ 169,260                |
| 11 | 2027                                    | 585,000             | 471,900             | 491,400                   |
| 12 | 2028                                    | 292,500             | 235,950             | 245,700                   |
| 13 | <b>Total Estimated Interest*</b>        | <b>\$ 1,079,000</b> | <b>\$ 870,393</b>   | <b>\$ 906,360</b>         |
| 14 | <b>Difference vs. Planning Estimate</b> |                     | <b>\$ (208,607)</b> | <b>\$ (172,640)</b>       |
| 15 | <b>Difference vs. Webster Proposal</b>  | <b>\$ 208,607</b>   |                     | <b>\$ 35,967</b>          |

\*Preliminary, subject to change.



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**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND  
AWARD BY RAPIDAN SERVICE AUTHORITY OF A WATER AND  
SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE,  
SERIES 2026, IN A PRINCIPAL AMOUNT NOT TO EXCEED  
\$13,000,000, AND PROVIDING FOR THE FORM, DETAILS AND  
PAYMENT THEREOF**

**WHEREAS**, Rapidan Service Authority (the “Authority”) is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the “Act”) by the Boards of Supervisors of Madison and Orange Counties, Virginia (the “Member Localities”);

**WHEREAS**, the Authority has outstanding its Taxable Water and Sewer System Revenue Bond, Series of 2009B, in the original principal amount of \$6,320,000 (the “2009B Bond”), issued pursuant to the terms of a Financing Agreement dated as of November 1, 2009 (the “2009 Financing Agreement”), between Virginia Resources Authority (“VRA”) and the Authority, the proceeds of which have been used to finance and refinance the acquisition, construction, equipping and improvement of the Authority’s water and sewer utility facilities (the “System”), and has pledged the net revenues of the System to the payment of the 2009B Bond;

**WHEREAS**, within the limitations of and in compliance with the 2009 Financing Agreement, the Authority is authorized to issue additional parity bonds to finance the acquisition or construction of improvements, extensions, additions and replacements to the System or to refund outstanding bonds of the Authority;

**WHEREAS**, the Authority desires to issue additional parity bonds to finance the acquisition or construction of improvements, extensions, additions and replacements to the System (the “Project”);

**WHEREAS**, the Authority, in collaboration with Davenport & Company LLC, serving as the Authority’s financial advisor (the “Financial Advisor”), has solicited proposals from commercial banking and other financial institutions to make a loan to the Authority to be evidenced by the purchase of a revenue bond (the “2026 Bond”) secured on a parity with the 2009B Bond;

**WHEREAS**, from the bids received, the Authority in collaboration with the Financial Advisor, recommends that the Authority obtain a loan from, and award the sale of the 2026 Bond to, Webster Bank, N.A. (or a related affiliate) (the “Bank”), in accordance with the terms of its bid attached hereto as Exhibit A; and

**WHEREAS**, there has been presented to the Authority the form of a Bond Purchase and Loan Agreement between the Authority and the Bank (the “2026 Loan Agreement”);

**NOW, THEREFORE, BE IT RESOLVED BY THE RAPIDAN SERVICE AUTHORITY:**

**1. Authorization of Bonds and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Act, the Authority authorizes the issuance

and sale to the Bank of the 2026 Bond in an original principal amount not to exceed \$13,000,000 to finance the Project and to pay the costs incurred in connection with such issuance. The final terms of the 2026 Bond shall be determined by the General Manager in accordance with the terms of this Resolution and the terms of the Bank's bid, and no further action shall be necessary on the part of the Authority board.

**2. Authorization of Loan Agreement.** The form of the 2026 Loan Agreement submitted to this meeting is approved. The Chairman and Vice-Chairman of the Authority, and the General Manager, any of whom may act, are authorized to execute and deliver the 2026 Loan Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman, Vice-Chairman or General Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the 2026 Bond to the Bank shall be upon the terms and conditions set forth herein and in the 2026 Loan Agreement. The proceeds of the 2026 Bond shall be applied in the manner set forth in the 2026 Loan Agreement. All capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the 2026 Loan Agreement.

**3. Bond Details.** The 2026 Bond shall be issued as a single, registered bond, designated "Water and Sewer System Revenue Bond Anticipation Note, Series 2026," shall be dated the date of its delivery, shall be numbered R-1 and shall be sold to the Bank at a price not less than 100.0% of the aggregate principal amount thereof. The 2026 Bond shall bear interest at the initial rate of 3.63% per year. Interest on the 2026 Bond shall be payable on August 1, 2026, and continuing semiannually on each August 1 and February 1 thereafter until maturity, and calculated on the basis of a 360-day year of twelve 30-day months. Principal shall be payable at final maturity, provided that the final maturity date shall be no later than December 31, 2029.

**4. Payment and Redemption Provisions.** The principal of and premium, if any, and interest on the 2026 Bond shall be payable in accordance with the terms set forth in the 2026 Bond and in the 2026 Loan Agreement. The Authority may, at its option, redeem, prepay or refund the 2026 Bond without payment of a redemption premium, upon the terms set forth in the 2026 Loan Agreement and the 2026 Bond.

**5. Execution and Form of Bond.** The 2026 Bond shall be executed by the Chairman or Vice-Chairman of the Authority and countersigned by the Secretary-Treasurer or Assistant Secretary-Treasurer of the Authority and its seal shall be affixed thereon. The 2026 Bond shall be issued initially as a typewritten bond in substantially the form of Exhibit B attached hereto, with such completions, omissions, insertions, and changes not inconsistent with this Resolution as may be approved by the officers signing the 2026 Bond, whose approval shall be evidenced conclusively by the execution and delivery of the 2026 Bond.

**6. Monthly Transfers of Net Revenues.** In addition to the VRA Bond Servicing Fund (previously established by the Authority's "Resolution Authorizing the Issuance, Sale and Award of a \$2,900,000 Water and Sewer System Revenue Bond, Series of 1988, of Rapidan Service Authority and Providing for the Form, Details and Payment Thereof," adopted July 18, 1988), there is hereby established the 2026 Bond Servicing Fund. The Authority shall make monthly transfers of its Net Revenues to (a) the VRA Bond Servicing Fund, in an amount equal to the next financing payment, if any, provided for by Section 6.1 of the 2009 Financing Agreement,

and (b) the 2026 Bond Servicing Fund, in amount equal to the next loan payment, if any provided for by Section 8 of the 2026 Loan Agreement. Amounts in the VRA Bond Servicing Fund shall be used to pay when due principal of, premium, if any and interest on the 2009B Bond and any other payments owed by the Authority under the 2009 Financing Agreement. Amount in the 2026 Bond Servicing Fund shall be used to pay when due, principal and interest on the 2026 Bond and any other payments owed by the Authority under the 2026 Loan Agreement. In the event there are insufficient Net Revenues to pay the total amount of all payments then due, the Authority shall apply such funds pro rata based on the outstanding principal amounts of the 2009B Bond and the 2026 Bond.

**7. Pledge of Net Revenues; Parity.** Principal of and interest on the 2026 Bond shall be payable solely from the Net Revenues and other sources which are pledged therefor herein and in the 2026 Loan Agreement, and nothing in the 2026 Loan Agreement, the 2026 Bond or in this Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority and the Member Localities. Such pledge of the Net Revenues shall be on a parity with the similar pledge of the Net Revenues securing the 2009B Bond. Additional bonds secured as to the pledge of the Net Revenues with the 2026 Bond and the 2009B Bond may be issued under the terms of the Loan Agreement and the 2009B Financing Agreement.

**8. Preparation and Delivery of the 2026 Bond.** Upon request of the registered owner and upon presentation of the 2026 Bond at the office of the Registrar (as hereinafter defined), the Authority shall arrange to have prepared, executed and delivered in exchange as soon as practicable the 2026 Bond in printed form in an aggregate principal amount equal to the unpaid principal of the 2026 Bond in typewritten form, in denominations of \$5,000 and multiples thereof (except that one bond may be issued in an odd denomination of not less than \$5,000), of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed 2026 Bond may be executed by manual or facsimile signature of the Chairman or Vice-Chairman of the Authority and countersigned by the manual or facsimile signature of the Secretary-Treasurer or Assistant Secretary-Treasurer of the Authority and a facsimile of its seal printed thereon; provided, however, that if both such signatures are facsimiles, no 2026 Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten 2026 Bond surrendered in any such exchange shall be canceled.

**9. Registration, Transfer and Owner of the 2026 Bond.** The Authority appoints its Secretary-Treasurer as paying agent and registrar (the “Registrar”) for the 2026 Bond. If deemed to be in the best interest of the Authority, the General Manager may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the 2026 Bond at the office of the Registrar, together with an assignment duly executed by the registered owner thereof or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Authority shall execute, and the Registrar shall authenticate and deliver in exchange, a new 2026 Bond or 2026 Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name(s) as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Registrar may charge the person requesting

such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner of the 2026 Bond as the person or entity exclusively entitled to payment of principal thereof and premium, if any, and interest thereon, and the exercise of all other rights and powers of the owner, except that regular payments shall be made to the person or entity shown as owner on the registration books on the 15th day of the month preceding each payment date.

**10. Mutilated, Lost or Destroyed Bond.** If the 2026 Bond has been mutilated, lost or destroyed, the Authority shall execute and deliver a new 2026 Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated 2026 Bond or in lieu of and in substitution for such lost or destroyed 2026 Bond; provided, however, that the Authority shall so execute and deliver only if the registered owner of the 2026 Bond has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost or destroyed 2026 Bond, (a) has filed with the Authority evidence satisfactory to the Authority that such 2026 Bond was lost or destroyed and (b) has furnished to the Authority satisfactory indemnity.

**11. Preparation and Delivery of Bond.** The Authority's Chairman, Vice-Chairman, Secretary-Treasurer and Assistant Secretary-Treasurer are authorized and directed to take all proper steps to have the 2026 Bond prepared and executed in accordance with its terms and to deliver the 2026 Bond to or for the account of the Bank as the purchaser thereof upon receipt of the purchase price from the Bank as set forth in the 2026 Loan Agreement. The Chairman, Vice-Chairman, Secretary-Treasurer and Assistant Secretary-Treasurer are further authorized and directed to agree to and comply with any and all further conditions and requirements of the Bank not inconsistent with this Resolution in connection with its purchase of the 2026 Bond.

**12. Arbitrage Covenants.** The Authority covenants that it shall not take or omit to take any action the taking or omission of which will cause the 2026 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the 2026 Bond to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing laws. Without limiting the generality of the foregoing, the Authority shall comply with any provision of law that may require the Authority at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the 2026 Bond, unless the Authority receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the 2026 Bond from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Authority shall pay any such required rebate from its legally available funds.

**13. Non-Arbitrage Certificate and Elections.** Such officers of the Authority as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the 2026 Bond in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto and any elections such officers deem desirable regarding rebate of earnings

to the United States for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the Authority.

**14. Limitation on Private Use.** The Authority covenants that it shall not permit the proceeds of the 2026 Bond or the facilities financed therewith to be used in any manner that would result in 5% or more of such proceeds or facilities, as applicable, (a) being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Authority receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the 2026 Bond from being includable in the gross income for federal income tax purposes of the registered owner thereof under existing law, the Authority need not comply with such covenants.

**15. SNAP Investment Authorization.** The Authority has heretofore received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the Authority hereby authorizes the Chairman and the Vice-Chairman, either of whom may act, to utilize SNAP in connection with the investment of the proceeds of the 2026 Bond, if the Chairman or Vice-Chairman determines that the utilization of SNAP is in the best interest of the Authority. The Authority acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the Authority in connection with SNAP, except as otherwise provided in the Contract.

**16. Provision of Financial Information.** The General Manager or his designee is hereby authorized and directed to provide, for each fiscal year in which the 2026 Bond remains outstanding, a copy of the Authority’s comprehensive annual financial report to the registered owner of the 2026 Bond.

**17. Other Actions.** All other actions of the General Manager and the officers of the Authority in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2026 Bond are ratified, approved and confirmed. The General Manager and the officers of the Authority are authorized and directed to execute and deliver all certificates, agreements and other instruments (including, without limitation, any amendments, modifications, consents or acknowledgments to the 2009 Financing Agreement) as may be considered necessary or desirable in connection with the issuance, sale and delivery of the 2026 Bond, all pursuant to the terms of this Resolution and the 2026 Loan Agreement.

**18. Effective Date; Filing.** This Resolution shall become effective immediately upon adoption. The Secretary-Treasurer of the Authority is hereby authorized and directed to file a certified copy of this Resolution in the office of the Authority and with the Clerk of the Circuit Court of Madison County, Virginia.

**Exhibit A - Bank Bid**

**[Authority to attach bid from Webster Bank]**

REGISTERED

REGISTERED

No. R-1

\_\_\_\_\_, 2026

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

RAPIDAN SERVICE AUTHORITY

**Water and Sewer System Revenue Bond, Series 2026**

The **Rapidan Service Authority** (the “Authority”), a body politic and corporate of the Commonwealth of Virginia, for value received, acknowledges itself indebted and promises to pay to \_\_\_\_\_ (the “Bank”), or registered assigns or legal representative, solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_). Principal of this bond shall be payable on February 1, \_\_\_\_\_. Interest on this bond shall be payable on each February 1 and August 1, commencing August 1, 2026, computed on the basis of a 360-day year of twelve 30-day months at the annual rate of \_\_\_\_\_.

Subject to the provisions of the Bond Purchase and Loan Agreement dated as of \_\_\_\_\_, 2026 (the “Loan Agreement”), between \_\_\_\_\_ and the Authority, so long as this bond is held by or for the account of the Bank or its registered assigns or legal representative, interest is payable (i) by check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Secretary-Treasurer of the Authority, who has been appointed registrar and paying agent, or any successor bank or trust company (the “Registrar”) or (ii) wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Registrar. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond or the date fixed for the redemption of this bond shall not be a Business Day (as defined below), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date or such date fixed for redemption. “Business Day” means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and the Commonwealth of Virginia.

This bond was authorized by a resolution adopted by the Authority’s governing body on \_\_\_\_\_, 2026 (the “Resolution”), and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Virginia Water and Waste Authorities Act, and the Loan Agreement. Proceeds of this bond will be used to finance the acquisition or construction of improvements, extensions, additions and replacements to the System and to pay costs related to



such issuance. The Authority's obligations under this bond shall terminate when all amounts due and to become due pursuant to this bond and the Loan Agreement have been paid in full.

The net revenues of the Authority's water and sewer utility facilities (the "System") are pledged, pursuant to the Loan Agreement, for the payment of the principal of and interest on this bond and the performance of the Authority's obligations under the Loan Agreement. The pledge of the net revenues of the System securing this bond is on a parity with the pledge of such revenues securing the outstanding principal balance of its \$6,320,000 Taxable Water and Sewer System Revenue Bond, Series of 2009B (the "2009B Bond"). Additional bonds secured as to the pledge of net revenues of the System with this bond and the 2009B Bond may be issued under the terms of the Loan Agreement and the financing agreement for the 2009B Bond.

Principal of and premium, if any, and interest on this bond are payable solely from the net revenues and other sources pledged thereto in the Loan Agreement and the Resolution, and nothing herein or in the Loan Agreement or the Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority and the Counties of Madison and Orange, Virginia.

This bond is issued under and is equally and ratably secured by the Resolution and the Loan Agreement. Reference is made to the Resolution and the Loan Agreement and all amendments and supplements to each of them for a description of the provisions, among others, with respect to the nature and extent of the security for this bond, the Authority's rights, duties and obligations, the rights of the registered owner of this bond and the terms upon which this bond is issued and secured.

This bond may be redeemed, prepaid or refunded at the option of the Authority upon the terms set forth in the Loan Agreement.

This bond is issuable as a fully registered bond. Upon surrender of this bond at the Registrar's office, together with an assignment duly executed by the registered owner or such owner's duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Authority shall execute, and the Registrar shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the Resolution, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rates and in the same manner, and registered in such names as requested by the then registered owner of this bond or such owner's duly authorized attorney or legal representative. Any such exchange shall be at the Authority's expense, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal hereof and premium, if any, and interest hereon and the exercise of all other rights and powers of the owner hereof, except that regular installment payments of principal and interest shall be made to the person shown as owner on the 15th day of the month preceding each payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed.

**IN WITNESS WHEREOF**, the Rapidan Service Authority has caused this bond to be signed by its Chairman or Vice-Chairman, to be countersigned by its Secretary-Treasurer or Assistant Secretary-Treasurer, its seal to be affixed hereon, and this bond to be dated the date set forth above.

**RAPIDAN SERVICE AUTHORITY**

(SEAL)

\_\_\_\_\_  
Chairman, Rapidan Service Authority

\_\_\_\_\_  
Secretary-Treasurer, Rapidan Service  
Authority

## **CERTIFICATE OF AUTHENTICATION**

This bond is the 2026 Bond described in the Resolution.

Authentication Date: \_\_\_\_\_

\_\_\_\_\_  
Secretary-Treasurer, Rapidan Service Authority

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_  
(Please print or type name and address, including zip code, of Transferee)  
\_\_\_\_\_

\_\_\_\_\_  
this Bond and all rights hereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_,  
attorney  
to transfer said Bond on the books kept for the registration, with full power of substitution.

Dated: \_\_\_\_\_

Tax I.D. No.: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be  
guaranteed by an Eligible Guarantor  
such as a Commercial Bank, Trust  
Company, Securities Broker/Dealer,  
Credit Union, or Savings Association  
who is a member of a medallion  
program approved by The Securities  
Transfer Association, Inc.

\_\_\_\_\_  
(Signature of Registered Owner)

(NOTE: The signature above must  
correspond with the name of the  
registered owner as it appears on the  
front of this bond in every particular,  
without alteration or enlargement or  
any change whatsoever.

**BOND PURCHASE AND LOAN AGREEMENT**

**between**

**RAPIDAN SERVICE AUTHORITY**

**and**

**[WEBSTER BANK, N.A.],  
as Lender and Bondholder**

**Dated as of \_\_\_\_\_, 2026**

**Rapidan Service Authority  
Water and Sewer System Revenue Bond Anticipation Note  
Series 2026**

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**THIS BOND PURCHASE AND LOAN AGREEMENT** dated as of \_\_\_\_\_, 2026, between the **RAPIDAN SERVICE AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the “Authority”) and [**WEBSTER BANK, N.A.**], as lender and purchaser of the Bond (the “Bondholder”).

**W I T N E S S E T H:**

**WHEREAS**, the Authority, pursuant to the Virginia Water and Waste Authorities Act (the “Act”) under which it is created, is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to finance or refinance the cost of any water or waste system, to issue its revenue bonds, notes and other obligations from time to time for such purposes and to pledge all or any part of the revenues and receipts derived from its water or waste system, as security for the payment of principal of and interest on any such obligations; and

**WHEREAS**, in furtherance of the purposes of the Act, the Authority intends to issue and sell to the Bondholder its Water and Sewer System Revenue Bond Anticipation Note, Series 2026, in the authorized principal amount of \$\_\_\_\_\_ (the “Bond”), to be used to (a) to finance the acquisition or construction of improvements, extensions, additions and replacements to the System (as defined herein) and (b) pay the costs of issuing the Bond; and

**WHEREAS**, the Authority and the Bondholder desire to set forth the terms and conditions with respect to such financing;

**NOW, THEREFORE**, the parties hereto agree as follows:

**Section 1. Definitions.**

In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

“Act” shall mean the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia of 1950, as amended.

“Agreement” shall mean this Bond Purchase and Loan Agreement, including any amendments or supplements hereto.

“Authority” shall mean the Rapidan Service Authority, a political subdivision of the Commonwealth of Virginia, its successors and assigns.

“Authorized Representative” shall mean the General Manager or Chairman of the Authority, or any member, official or employee of the Authority authorized by resolution, ordinance or other official act of the governing body of the Authority to perform the act or sign the document in question.

“Bond” shall mean the Water and Sewer System Revenue Bond Anticipation Note, Series 2026, of the Authority issued pursuant to this Agreement in the original principal amount of \$\_\_\_\_\_, and dated the date of its issuance.

“Bondholder” shall mean [Webster Bank], \_\_\_\_\_, or any successor, as holder of the Bond.

“Bond Counsel” shall mean Hunton Andrews Kurth LLP, Richmond, Virginia.

“Business Day” shall mean any day on which the Bondholder is open for the purpose of conducting a commercial banking business.

“Closing Date” shall mean the date of delivery of and payment for the Bond.

“Code” shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

“Consulting Engineer” shall mean (i) the Local Engineer or (ii) such other firm of independent consulting engineers experienced and of recognized standing in the field of water and sewer engineering and licensed as professional engineers in Virginia as the Authority may designate from time to time in a written notice to Bondholder, which firm shall be subject to the Bondholder’s reasonable approval.

“County” shall mean, together, Madison County, Virginia, and Orange County, Virginia.

“Event of Default” shall mean any of the events set forth in Section 15.

“Existing Parity Bonds” means any of the Authority’s bonds, notes or other evidences of indebtedness, as further described on Exhibit A, that on the date of the issuance and delivery of the Bond were secured by a pledge of Revenues on a parity with the pledge of Revenues securing the Bond.

“Fiscal Year” shall mean, with respect to the Authority, the 12-month period ending December 31 of each calendar year.

“GAAP” shall mean generally accepted accounting principles, as in effect from time to time, consistently applied.

“Local Engineer” shall mean any of the Authority’s employees that are licensed and registered as professional engineers in the Commonwealth of Virginia and with recognized standing and experience in the field of water and sewer engineering that the Authority may designate from time to time in a written notice to the Bondholder, which employee shall be subject to the Bondholder’s reasonable approval.

“Local Resolution” shall mean the resolution adopted by the governing body of the Authority on \_\_\_\_\_, 2026, approving the transactions contemplated by and authorizing the execution and delivery of this Agreement and the execution, issuance and delivery of the Bond.

“Net Proceeds” means the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees and expenses of the Bondholder and all other expenses incurred in the collection of such gross proceeds.



“Net Revenues Available for Debt Service” shall mean the Revenues less amounts necessary to pay Operation and Maintenance Expense.

“Operation and Maintenance Expense” shall mean the costs of operating and maintaining the System determined pursuant to GAAP, exclusive of (i) interest on any debt payable from Revenues, (ii) depreciation and other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring either annually or biannually, depending on the customary practice of performing operation and maintenance, or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

“Parity Bonds” shall mean bonds, notes or other evidences of indebtedness of the Authority issued under Section 12(a).

“Payment of the Bond” shall mean payment in full of all principal and interest on the Bond and all other payments due and payable pursuant to this Agreement.

“Project” shall mean the acquisition or construction of improvements, extensions, additions and replacements to the System.

“Revenues” shall mean (i) all rates, fees, rentals, charges, income and money properly allocable to the System under GAAP (provided that the Authority may determine to include any cash or deferred revenues derived from availability or connection fees, even if all or part thereof are excluded from current revenues under GAAP) or resulting from the Authority’s ownership or operation of the System and all rights to receive the same, whether now existing or hereafter coming into existence, exclusive of user and other deposits subject to refund until such deposits have become the Authority’s property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Authority and (iv) any other money from other sources now or hereafter pledged or specifically made available by or on behalf of the Authority to or for the payment of Operation and Maintenance Expenses or debt service on the Bond, Existing Parity Bonds or Parity Bonds.

“Subordinate Bonds” shall mean bonds, notes or other evidences of indebtedness of the Authority issued in accordance with Section 12(c) and secured by a pledge of Revenues expressly made subordinate to the pledge of Revenues securing the payment of the Bond.

“System” shall mean all plants, systems, facilities, equipment or property owned, operated or maintained by the Authority and used in connection with the supply, treatment, storage or distribution of water and the collection and treatment of wastewater, as the same may from time to time exist.

## **Section 2. Representations and Findings by Authority.**

The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Authority is duly organized under the Act and has the power and authority to (i) adopt the Local Resolution and execute and deliver this Agreement, the Bond and the other documents related thereto, (ii) fix, charge and collect charges for the use of and for the services furnished by the System, (iii) issue, sell and deliver the Bond to the Bondholder, (iv) own and operate the System, (v) pledge Revenues of the System to the payment of the Bond, and (vi) carry out and consummate all of the transactions contemplated by the Local Resolution, this Agreement and the Bond.

(b) This Agreement and the Bond were duly authorized by the Local Resolution and are in substantially the same form as presented to the governing body of the Authority at its meeting at which the Local Resolution was adopted.

(c) This Agreement and the Bond have been executed and delivered by duly authorized officials of the Authority.

(d) To the best of its knowledge and belief, the Authority is not (i) in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, (ii) in violation of the Act or any other existing federal or Virginia law, rule or regulation applicable to it, including but not limited to procurement, open meeting, public bidding, property acquisition and constitutional requirements, the violation of which would have a material adverse impact on the Authority's performance of its obligations hereunder or under the Bond or (iii) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject, and the execution and delivery by the Authority of this Agreement and the Bond and the performance of its obligations thereunder will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(e) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Bond by the Authority, (ii) the execution or delivery of or performance by the Authority of its obligations under this Agreement and the Bond or (iii) pledge by the Authority of Revenues as security for payment of the principal of and interest on the Bond.

(f) Except as otherwise disclosed by the Authority to the Bondholder, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the Authority with respect to (i) the organization and existence of the Authority, (ii) its authority to execute or deliver this Agreement and the Bond, (iii) the validity or enforceability of any of this Agreement and the Bond or the performance of its obligations thereunder, (iv) the title of any officer of the Authority who executed this Agreement and the Bond or (v) any authority or proceedings related to the execution and delivery of this Agreement and the Bond, on

behalf of the Authority. No such authority or proceedings have been repealed, revoked, rescinded or amended and all are in full force and effect.

(g) Except as listed on Exhibit A, there is no indebtedness of the Authority secured by a pledge of Revenues prior to or on a parity with the pledge of Revenues securing the Bond.

### **Section 3. Representations of Bondholder.**

The Bondholder makes the following representations as the basis for its undertakings hereunder:

(a) The Bondholder is a corporation organized under the laws of \_\_\_\_\_ and is authorized to conduct business in the Commonwealth of Virginia.

(b) The Bondholder has the requisite power and authority to enter into this Agreement and purchase the Bond, to perform the transactions contemplated hereby and to carry out its obligations hereunder and by proper action has duly authorized, executed and delivered this Agreement.

(c) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Bondholder pending or, to the best of its knowledge, threatened with respect to (i) the authority of the Bondholder to execute and deliver this Agreement, (ii) the validity or enforceability of this Agreement or the Bondholder's performance of its obligations hereunder, or (iii) the title of any officers of the Bondholder executing this Agreement.

(d) The Bondholder acknowledges that it has experience and expertise in the purchase and ownership of obligations similar to the Bond and that it is capable of evaluating the merits and risks of purchasing the Bond.

(e) The Bondholder acknowledges that no offering statement, prospectus or other comprehensive disclosure document containing material information with respect to the Authority, this Agreement and the Bond has been provided to it in connection with purchasing the Bond; however, it has been provided with such information concerning the operations and financial condition of the Authority as it has requested. The Bondholder has had an opportunity to make inquiries of such officers, employees, agents and attorneys of the Authority as it considers appropriate in connection with purchasing the Bond.

(f) The Bondholder is entering into this Agreement primarily for its own account, has no present intention of reselling or disposing the Bond and will not further sell or dispose of its interest in the Bond in transactions constituting a "distribution" thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations promulgated by the Securities and Exchange Commission thereunder).

(g) The Bondholder understands and acknowledges that the scope of engagement of Hunton Andrews Kurth LLP, Richmond, Virginia, Bond Counsel to the Authority with respect to this Agreement and the Bond, will be limited to matters set forth

in their opinion based on their review of such proceedings and documents as they deem necessary to approve the validity of the Bond and this Agreement and the tax-exempt status of interest on the Bond, and that they have not been engaged and will not undertake to prepare or express an opinion as to the accuracy or completeness of any information concerning the operations and financial condition of the Authority that may have been furnished to the Bondholder or relied upon by it in making the decision to enter into this Agreement and purchase the Bond.

#### **Section 4. Sale and Purchase of Bond; Loan to Authority**

The Authority agrees to borrow from the Bondholder and the Bondholder agrees to lend to the Authority the principal amount of \$\_\_\_\_\_, for the purposes herein set forth. The Authority's obligation shall be evidenced by the Bond, which shall be in substantially the form approved by the Local Resolution and made a part hereof and delivered to the Bondholder on the Closing Date. The Bond shall mature and be payable as hereinafter provided.

#### **Section 5. Conditions Precedent to Delivery of Bond.**

The Bondholder shall accept delivery of the Bond and pay the purchase price thereof (\$\_\_\_\_\_) only upon delivery to it in form and substance satisfactory to it of the following:

(a) Executed copies of this Agreement and the Bond, each in form acceptable to the Bondholder.

(b) Evidence of the due authorization, execution and delivery of this Agreement and the Bond by the parties thereto and certificates covering litigation, compliance with all applicable federal, state and local laws, restrictions and requirements, and prior agreements.

(c) An opinion of Bond Counsel satisfactory to the Bondholder that interest on the Bond (i) is not included in gross income for Federal income tax purposes; (ii) is not an item of tax preference for purposes of the federal alternative income tax; (iii) is taken into account in determining adjusted financial statement income for applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations; and (iv) is exempt from income taxation by the Commonwealth of Virginia.

(d) Evidence of the completion and appropriate filing of Internal Revenue Service Form 8038-G with respect to the issuance of the Bond, together with a certificate of the Authority with respect to the information contained therein.

(e) Evidence satisfactory to the Bondholder that the Bond will be issued on a parity basis with the Existing Parity Bonds.

(f) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder or Bond Counsel.

## **Section 6. Application of Proceeds.**

The Authority agrees to apply the Bond proceeds solely and exclusively to finance the Project and issuance costs related thereto.

## **Section 7. Pledge of Revenues; Rate Covenant.**

(a) Subject to the Authority's right to apply Revenues to the payment of Operation and Maintenance Expense, the Revenues are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Bond and the payment and performance of the Authority's obligations under this Agreement on a parity with the Existing Parity Bonds. This pledge shall be valid and binding from and after the execution and delivery of this Agreement. The Revenues, as received by the Authority, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. The lien of this pledge of the Revenues is on a parity with the lien of the pledge securing the Existing Parity Bonds. The lien of this pledge shall, subject to the right of the Authority to apply Revenues to the payment of Operation and Maintenance Expense, have priority over all other obligations and liabilities of the Authority, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Authority regardless of whether such parties have notice of this pledge. The lien on the Revenues of the System securing the Bond is on parity with the lien on such Revenues securing the Existing Parity Bonds.

(b) The Authority covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Bond, any Existing Parity Bonds and all other indebtedness of the Authority payable from Revenues, including without limitation, indebtedness under leases which are treated as capital leases under GAAP. If, for any reason, the Revenues are insufficient to satisfy the foregoing covenant, the Authority shall within ninety (90) days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expense so as to provide sufficient Revenues to satisfy such requirement.

(c) Within one hundred and eighty (180) days after the close of each Fiscal Year, the Authority shall deliver to the Bondholder a certificate of the Consulting Engineer, an independent certified public accountant or other consultant reasonably acceptable to the Bondholder to the effect that (i) during the preceding Fiscal Year, the Authority satisfied the rate covenant made by the Authority in subsection (b) of this Section, or, if not, the amount of the deficiency in Net Revenues Available for Debt Service which existed and the rates, fees and other charges or cost savings the Authority must establish to avoid such deficiency in the then current Fiscal Year.

(d) On or before the last day of each Fiscal Year, the Authority shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Authority's rates, fees and other charges are insufficient to satisfy the rate

covenant in subsection (b) of this Section, the Authority shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operation and Maintenance Expense to cure any deficiency.

#### **Section 8. Amounts Payable.**

(a) The Bond shall be dated \_\_\_\_\_, 2026, shall bear interest at the rate of [3.63]% per year, calculated on the basis of a 360-day year of twelve 30-day months, payable on each February 1 and August 1, commencing August 1, 2026.

(b) Principal of the Bond shall be payable on February 1, [2029].

#### **Section 9. Option to Prepay.**

At its option and after giving at least thirty (30) days' prior written notice to the Bondholder, the Authority may prepay the Bond, in whole or in part, at any time on or after February 2, 2028, at a redemption price equal to 100% of the principal amount to be prepaid plus interest accrued and unpaid to the date fixed for prepayment. Such written notice shall specify the date on which the Authority will make such prepayment and whether the Bond will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under the Bond but shall not postpone the due date of any subsequent payment on the Bond, or change the amount of such installment, unless the Authority and the Bondholder agree otherwise in writing.

#### **Section 10. Operation and Use of System.**

(a) Except as may otherwise be approved by the Bondholder or permitted by the terms hereof, the System at all times shall be owned by the Authority and shall not be operated or controlled by any other entity or person.

(b) At its own cost and expense, the Authority shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

(c) At its own expense, the Authority from time to time may make any additions, modifications or improvements to the System which it deems desirable and which do not materially reduce the value of the System or the structural or operational integrity of any part of the System, provided that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

(d) The Authority shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational and other changes to the System, irrespective of the cost of making the same.

(e) The Bondholder and its duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Authority is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Authority to examine and copy the books and records of the Authority insofar as such books and records relate to the System.

(f) The Authority shall not construct, reconstruct or install any part of the System on lands other than those which the Authority owns or can acquire title to or a perpetual easement over, in either case sufficient for the Authority's purposes, unless such part of the System is lawfully located in a public street or highway or is a facility located on land in which the Authority has acquired a right or interest less than a fee simple or perpetual easement and such lesser right or interest has been approved by written opinion of counsel to the Authority as sufficient for the Authority's purposes.

(g) No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except (1) with the written consent of the Bondholder or (2) as provided in any one of the following subsections:

(i) The Authority may grant easements, licenses or permits across, over or under parts of the System for streets, roads and utilities as will not adversely affect the use of the System;

(ii) The Authority may sell or otherwise dispose of property constituting part of the System if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function;

(iii) The Authority may sell or otherwise dispose of property constituting part of the System with a "book value" (as determined in accordance with GAAP) that, when combined with the aggregate "book value" of all of the other such property sold or otherwise disposed of under this subsection during the Fiscal Year in question, will not cause the aggregate "book value" of all of such property sold or otherwise disposed of under this subsection in such Fiscal Year to exceed \$125,000; and the Authority shall apply the proceeds to be received from any such sale or disposition first to cure any default that may exist in the payment of the principal of or interest on the Bond and then for any other lawful purpose; and

(iv) The Authority may otherwise sell or dispose of property constituting part of the System if there is filed with the Bondholder a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System; and the Authority shall apply the proceeds to be received from any such sale or disposition first to cure any default that may exist in the payment of the principal of or interest on the Bond and then for any other lawful purpose.

(h) The Authority shall use its best efforts to collect all rates, fees and other charges due to it and shall perfect liens on premises served by the System for the amount

of all delinquent rates, fees and other charges where such action is permitted by law. The Authority shall, to the full extent permitted by law, discontinue and shut off, or cause to be discontinued and shut off, services and facilities of the System, and use its best efforts to cause to be shut off service furnished otherwise than through the System, to customers of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Authority.

(i) To the extent permitted by law, the Authority shall not permit connection with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Authority's uniform schedule of rates, fees and charges.

(j) To the extent permitted by law, the Authority agrees not to provide, grant any franchise to provide or give consent for anyone else to provide, any services which would compete with the System.

(k) The Authority shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System, provided, however, that such rules and regulations may permit the continued use of private water or sewage disposal systems approved by the applicable board of health or health officer by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private water or sewage disposal system shall cease to be approved or shall require major repairs to continue to be approved, at which time such building shall be required to connect to the System.

(l) The Authority shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the System or the Authority's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Authority shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the "Mechanics' Charges"). The Authority, however, after giving the Bondholder ten (10) days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Authority may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the reasonable opinion of the Bondholder, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Bondholder or an appropriate court a bond in form and amount reasonably satisfactory to the Bondholder. Upon request, the Authority shall furnish to the Bondholder proof of payment of all Governmental Charges and the Mechanics' Charges required to be paid by the Authority under this Agreement.



## **Section 11. Insurance, Damage and Destruction.**

(a) Unless the Bondholder otherwise agrees in writing, the Authority continuously shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating systems similar in size and character to the System, including, without limitation:

(i) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia. The determination of replacement cost shall be made, in conjunction with representatives of the Authority, by a recognized appraiser or insurer selected by the Authority and reasonably acceptable to the Bondholder.

(ii) Comprehensive general liability insurance with a combined single limit of \$1,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, maintenance, operation or use of the System.

(iii) Unless the Authority qualifies as a self-insurer under the laws of Virginia, workers' compensation insurance.

(b) The Bondholder shall not have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance, or (ii) the application of the proceeds of insurance.

(c) The Authority shall provide annually to the Bondholder a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

(d) All insurance required by this Section shall be maintained with generally recognized, responsible insurance companies selected by the Authority and reasonably acceptable to the Bondholder. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other utility systems of like size and character to the System. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law (Chapter 48, Title 38.2, Code of Virginia of 1950, as amended) or any successor provision of law, the Authority shall provide evidence reasonably satisfactory to the Bondholder that such insurance is enforceable under Virginia law.

(e) In the case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right therein under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title, or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the Authority shall give prompt notice thereof to the Bondholder describing

generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

(f) If all or any part of the System is destroyed or damaged by fire or other casualty, and the Authority shall not have exercised its option to prepay in full the Bond pursuant to Section 9, the Authority shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Authority may determine and which will not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Authority may apply so much as may be necessary of the Net Proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Authority shall pay so much of the cost as may be in excess of such Net Proceeds. Any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Bond pursuant to Section 9. Notwithstanding the foregoing, any application of Net Proceeds to the prepayment of the Bond under Section 9 shall take into account and be applied consistently with any similar provisions contained in the documents executed in connection with the issuance of any Existing Parity Bonds then outstanding.

(g) If title to or the temporary use of all or any part of the System shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Authority shall not have exercised its option to prepay in full the Bond pursuant to Section 9, the Authority shall cause the Net Proceeds from any such condemnation award or from title insurance to be applied to the restoration of the System to substantially its condition before the exercise of such power of eminent domain or failure of title. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Authority shall pay so much of the cost as may be in excess of such Net Proceeds. Any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to the prepayment of the Bond pursuant to Section 9. Notwithstanding the foregoing, any application of Net Proceeds to the prepayment of the Bond under Section 9 shall take into account and be applied consistently with any similar provisions contained in the documents executed in connection with the issuance of any Existing Parity Bonds then outstanding.

## **Section 12. Additional Indebtedness.**

### **(a) *Parity Bonds.***

(i) Provided the Authority is not in default hereunder, the Authority may issue bonds, notes or other evidences of indebtedness ("Parity Bonds") ranking on parity with the Bond and the Existing Parity Bonds with respect to the pledge of Revenues to (A) pay the cost of improvements, additions, extensions, replacements, equipment or betterments and of any property, rights or easements deemed by the Authority to be necessary, useful or convenient for the System, (B) refund some or all of the Bond, Parity Bonds or Existing Parity Bonds, or (C) effect some

combination of (A) and (B); provided in each case the following conditions are satisfied. Before any Parity Bonds are issued or delivered, the Authority shall deliver to the Bondholder the following:

(ii) Certified copies of all resolutions and ordinances of the Authority authorizing the issuance of the Parity Bonds.

(iii) A certificate of an Authorized Representative setting forth the purposes for which the Parity Bonds are to be issued and the manner in which the Authority will apply the proceeds from the issuance and sale of the Parity Bonds.

(iv) If the Parity Bonds are authorized for any purpose other than the refunding of the Bond, Parity Bonds or Existing Parity Bonds, a certificate, in form and substance satisfactory to the Bondholder, of the Consulting Engineer to the effect that in the opinion of the Consulting Engineer (A) the improvements or property to which the proceeds from the issuance of the Parity Bonds are to be applied will be a part of the System, (B) the funds available to the Authority from the issuance of the Parity Bonds and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (C) the period of time which will be required to complete such improvements or acquire such property, and (C) (1) the Parity Bond proceeds are necessary to complete the Project, (2) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction of Revenues, or (3) during the first two Fiscal Years following the completion of the improvements or the acquisition of the property, the projected Net Revenues Available for Debt Service will satisfy the rate covenant in Section 7. In providing this certificate, the Consulting Engineer may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Authority and any other person and entity required to give approval for the rate increase to become effective. In addition, the Consulting Engineer may take into consideration additional future revenues of the System to be derived under then existing contractual agreements entered into by the Authority and from reasonable estimates of growth in the customer base of the Authority.

(v) If the Parity Bonds are authorized solely to refund the Bond, Existing Parity Bonds or Parity Bonds, either (A) a certificate of an independent consultant or advisor satisfactory to the Bondholder that the refunding Parity Bonds will have annual debt service requirements in each of the years the Bond, Existing Parity Bonds or Parity Bonds to be refunded would have been outstanding which are lower than the annual debt service requirements in each such year on the Bond, Existing Parity Bonds or Parity Bonds to be refunded, or (B) a certificate of the Consulting Engineer to the effect that during the first two complete Fiscal Years following the issuance of the refunding Parity Bonds, the projected Net Revenues Available for Debt Service will satisfy the rate covenant in Section 7. In providing the certificate described in clause (B), the Consulting Engineer may take into account the factors described in the last two sentences of subsection (a)(iv) of this Section.

(vi) An Opinion of Counsel satisfactory to the Bondholder subject to customary exceptions and qualifications, approving the form of the resolution authorizing the issuance of the Parity Bonds and stating that its terms and provisions conform with the requirements of this Agreement and that the certificates and documents delivered to the Bondholder constitute compliance with the provisions of this Section.

(b) If the Authority is unable or unwilling to satisfy the conditions set forth in subsection (a) to the issuance and delivery of any issue of Parity Bonds, the Bondholder may determine, in its sole discretion, to waive any or all of such conditions.

(c) *Subordinate Bonds.*

The Authority may issue Subordinate Bonds at any time.

### **Section 13. Arbitrage and Rebate.**

(a) The Authority shall not (i) take or omit to take any action, or approve the investment or use of any proceeds of the Bond or any other moneys within its respective control (including, without limitation, the proceeds of any insurance or any condemnation award with respect to the System) or the taking or omission of any other action, which would cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code, or (ii) approve the use of any proceeds from the sale of the Bond otherwise than in accordance with the Authority’s “non-arbitrage” certificate delivered on the Closing Date and shall otherwise comply with the “non-arbitrage” certificate.

(b) The Authority shall, at its sole expense, determine and pay on behalf of the Authority rebate to the United States, as and when due, in accordance with the “rebate requirement” described in Section 148(f) of the Code and Treasury Regulations thereunder, including without limitation, Treasury Regulations Section 1.148-1 through 1.150-2, and retain records of all such determinations until six years after Payment of the Bond.

(c) Nothing herein shall obligate the Authority to calculate and pay rebate if it qualifies for an exception from the requirements of such rebate. The “arbitrage certificate” executed by the Authority in connection with the issuance of the Bond shall contain the agreement with respect to such exceptions to rebate, if applicable.

(d) For purposes of this arbitrage rebate covenant, the term “Payment of the Bond” shall mean payment in full of the Bond.

### **Section 14. Affirmative Covenants.**

(a) The Authority covenants that during the term of this Agreement it will deliver to the Bondholder, within 180 days after the end of each fiscal year during the term of this Agreement, audited financial statements of the Authority. Such financial statements must be certified by an independent certified public accounting firm reasonably acceptable to the Bondholder and must bear its opinion that such audited financial statements present fairly the financial position of the Authority and the results of its operations for the period

referred to therein and have been prepared in conformity with GAAP applied on a basis consistent with that of the preceding year. Such certificate must contain no qualifications due to any restriction on the scope of the engagement.

(b) The Authority shall not permit the proceeds of the Bond to be used in any manner that would result in either (i) 5% or more of such proceeds or facilities being financed with such proceeds being considered as having been used in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (ii) 5% or more of such proceeds or the facilities being financed with such proceeds being used with respect to any “output facility” (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4) of the Code, or (iii) 5% or more of such proceeds or the facilities being financed with such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit, as provided in Section 141(c) of the Code.

(c) The Bondholder shall have the right at all reasonable times and upon reasonable prior notice to the Authority to examine and copy the books and records of the Authority insofar as such books and records relate to this Agreement or the Bond.

## **Section 15. Events of Default.**

(a) Each of the following events is hereby declared an Event of Default hereunder:

(i) Failure of the Authority to make any payment of principal or interest when due and payable and the continuation of such failure for five Business Days;

(ii) Failure of the Authority to observe and perform any of its other covenants, conditions or agreements hereunder for a period of 30 days after notice specifying such failure and requesting that it be remedied, given by the Bondholder to the Authority, or in the case of any such default which can be cured but cannot with due diligence be cured within such 30 day period, failure of the Authority to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence;

(iii) Bankruptcy or insolvency of the Authority, or failure by the Authority to lift any execution or attachment on the System or any portion thereof, which failure shall continue for a period of 60 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 60 day period but can be cured within the succeeding 60 days, failure of the Authority to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(iv) An order or decree shall be entered, with the Authority’s consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the Revenues thereof, or if such order or decree, having been entered without the Authority’s consent or acquiescence, shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entry thereof.

(b) The provisions of the foregoing subparagraph (a)(ii) are subject to the limitation that if by reason of force majeure the Authority is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder, the Authority shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall include without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Authority. The Authority shall remedy with all reasonable dispatch the cause or causes preventing the Authority from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Authority, and the Authority shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the Authority not in its best interests.

#### **Section 16. Remedies of Bondholder.**

Upon the occurrence and continuation of an Event of Default, the Bondholder may exercise any remedy permitted by law.

#### **Section 17. Limitation of Authority’s Liability.**

No covenant, agreement or obligation contained in this Agreement or the Bond shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer, employee or agent thereof executing this Agreement or the Bond shall be liable personally on this Agreement or the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Agreement or the Bond or the Act or any of the transactions contemplated thereby provided he acts in good faith.

THE OBLIGATIONS OF THE AUTHORITY UNDER THIS AGREEMENT OR THE BOND ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES WHICH ARE SPECIFICALLY PLEDGED FOR SUCH PURPOSE. THE OBLIGATIONS OF THE AUTHORITY HEREUNDER SHALL NOT BE DEEMED TO CREATE OR CONSTITUTE A DEBT OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTIES. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTIES, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS HEREUNDER OR OTHER COSTS

INCIDENT HERETO EXCEPT FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTIES, IS PLEDGED TO THE PAYMENT OF THE OBLIGATIONS HEREUNDER.

#### **Section 18. Registration of the Bond.**

The Bond shall be issued in registered form without coupons, payable to the registered owner or registered assigns. The Authority shall keep books for the registration of transfer of the Bond as the Bond Registrar. The transfer of the Bond may be registered only upon an assignment executed by the registered owner in such form as shall be reasonably satisfactory to the Authority, such registration to be made on the registration books and endorsed on the Bond by the Bondholder. The person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on the Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

#### **Section 19. Notices.**

All demands, notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or by overnight courier or mailed by first class registered or certified mail, postage prepaid, addressed:

- (a) if to the **Authority**, at 2445 S. Seminole Trail, Madison, VA 22727 (Attn: General Manager);
- (b) if to the **Bondholder**, at \_\_\_\_\_.

The Authority and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests, or other communications shall be sent or persons to whose attention the same shall be directed.

#### **Section 20. Miscellaneous.**

- (a) To the extent not paid from proceeds of the Bond, the Authority agrees to pay from legally available funds (i) the reasonable fees and expenses of the Bondholder, counsel to the Bondholder, and Bond Counsel and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the Bond and the costs of producing the documents referred to herein, (ii) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the transactions contemplated by this Agreement, and (iii) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to this Agreement or the Bond and (iv) all costs of collection (including reasonable counsel fees) in the event of a default in the payment of the principal of or interest on the Bond or other charges payable under this Agreement or the Bond.

(b) The Bondholder shall furnish to the Authority upon request (i) a statement of the amount of principal of the Bond outstanding and unpaid as of the date of such request and (ii) such information as may be necessary to complete the annual audit of the Authority as required by the Act or any other law, now or hereafter in effect.

(c) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the Bond and their respective successors and assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the Bond to the Bondholder. The representations, covenants and agreements of the Authority set forth in any closing certificate delivered to the Bondholder in connection with this Agreement or the Bond shall be incorporated by reference herein as if fully set forth herein.

**Section 21. Severability.**

If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**Section 22. Governing Law.**

This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. This Agreement and the Bond express the entire understanding among the parties and none of such instruments may be modified except in writing signed by the parties.

**Section 23. Counterparts.**

This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

**RAPIDAN SERVICE AUTHORITY**

By \_\_\_\_\_  
Chairman

**[WEBSTER BANK, N.A.,] as Lender and  
Bondholder**

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**Existing Parity Bonds**

\$6,320,000 Taxable Water and Sewer System Revenue Bond, Series of 2009B



# Memorandum

**To:** RSA Board of Members

**From:** David Jarrell, AGM

**CC:**

**Date:** February 16, 2026


**Re:** Hydrant Repair Procedures

In order to ensure timely repair of malfunctioning fire hydrants, RSA is now utilizing its Enterprise Asset Management (EAM) software to track “bagged” hydrants and schedule repairs.


This process is initiated when RSA staff creates a Request in OpenGov EAM following notification about a faulty hydrant.

OpenGov Asset Management Home Dashboard Resources Reports Administration

← Back

|                                                                                     |                                                          |                                                       |                                                     |
|-------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
|  | <b>Request 163</b> Open<br>Hydrant - Bagged<br>Important | Total Cost<br>\$0                                     | Days Open:<br>Entry Date: 02/15/2026<br>Close Date: |
| Tasks                                                                               | 0 of 1 Complete                                          | Address: 19095 JAMES MADISON Hwy<br>City:<br>Locator: |                                                     |

Details Attachments Internal Notes Requester Logs Tasks



Location

Location

Basic Information

Address Number  
Enter Value

Street  
19095 JAMES MADISON Hwy

## Widespread Visibility

This Request appears on the Dashboard viewed by RSA staff daily. It will remain until the Repair Task is complete and the Request is marked as resolved.

OpenGov **Asset Management** Home Dashboard Resources Reports Administration

### Dashboard

**Open Requests**

1 total records

1 Records Hydrant - Bagged Actions


| Request ID | Issue            | Address Nu... | Street                   | Entry Date            | Tasks | Progress | Calls | Priority  | Status | Owner | Full Name | Entered By |
|------------|------------------|---------------|--------------------------|-----------------------|-------|----------|-------|-----------|--------|-------|-----------|------------|
| 163        | Hydrant - Bagged |               | 19095 JAMES MADISON H... | 02/15/2026 11:56 A... | 1     | 0 %      | 0     | Important | Open   |       |           | djarrell   |

## Tracking the Repair


The Repair Task tracks when the repair is scheduled, when it is completed, and what resources were required for the repair. This information is stored under the hydrant's Asset Record.

OpenGov **Asset Management** Home Dashboard Resources Reports Administration

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 **Task 6583**  
Repair

Details Attachments 0 Assignments 0 Labor Log 0 Material Log 0



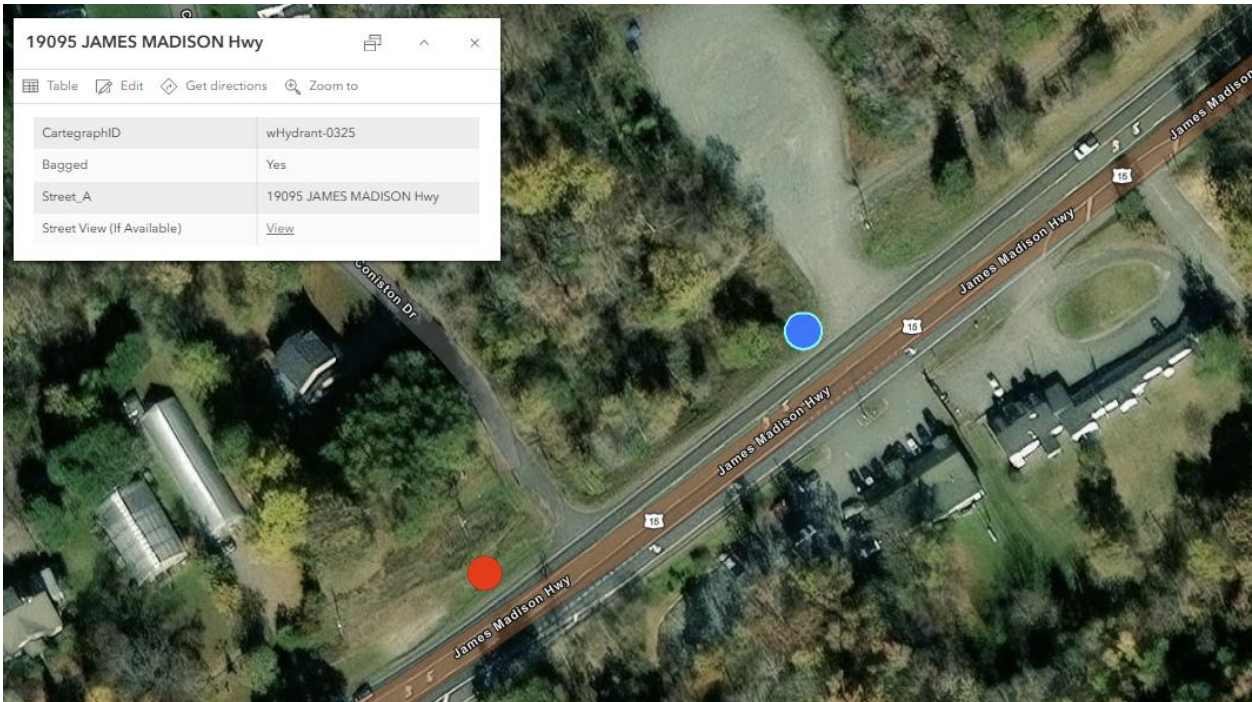
Location

### Task Details

|                      |                               |
|----------------------|-------------------------------|
| Asset                | Water Hydrant wh hydrant-0325 |
| Estimated Start Date | 02/18/2026                    |
| Estimated Stop Date  | 02/18/2026                    |
| Actual Start Date    | mm/dd/yyyy                    |
| Department           | Field Operations              |

## Real-Time Information Sharing

RSA staff has also developed a digital map with real-time indication of the “Bagged” status. This information can be shared with Orange and Madison Counties and any relevant emergency response agencies. Staff will work with these agencies to agree on the most useful information sharing methods.



## Response Standards

- If RSA is notified about a hydrant that is difficult to operate, inaccessible, or otherwise in poor working condition, RSA will inspect the hydrant within three workdays to determine the problem(s) with the hydrant.
- If RSA is notified about a hydrant that is nonfunctioning, RSA will inspect the hydrant no later than the next workday.
- If a hydrant cannot be operated, it shall immediately be bagged or covered to indicate that the hydrant is out of service. This initiates the process in OpenGov EAM outlined above.
- RSA shall immediately notify the appropriate county or fire company representative(s) by email.
- Arrangements shall be made to repair or replace the hydrant as soon as possible.
- The party who requested the repairs or replacement will be notified when work is completed if contact information has been provided.



## MEMORANDUM

DATE: February 17, 2026  
TO: RSA Board  
FROM: Tim Clemons  
RE: Board Retreat

---

The 2026 Board retreat is scheduled for Tuesday, March 3, 2026. It will be held at the Orange County Airport, in the Terminal Building conference room. The address is 11275 Aviation Way, Orange, VA 22960.

The meeting will start at 9:00 a.m.

Lunch will be provided.

**RAPIDAN SERVICE AUTHORITY**  
January-2026

| <b>Operating Income</b>                   | <b>PTD Act</b>  | <b>PTD Bud</b> | <b>Variance</b>  | <b>YTD Act</b>  | <b>YTD Bud</b> | <b>Variance</b>  |
|-------------------------------------------|-----------------|----------------|------------------|-----------------|----------------|------------------|
| Water & Sewer Revenue - Madison Co.       | 56,485          | 62,788         | (6,303)          | 56,485          | 62,788         | (6,303)          |
| Water & Sewer Revenue - Orange Co.        | 783,645         | 824,773        | (41,128)         | 783,645         | 824,773        | (41,128)         |
| Sale of Materials & Supplies              | 604             | 1,417          | (812)            | 604             | 1,417          | (812)            |
| Engr & Maint Revenue                      | -               | 1,250          | (1,250)          | -               | 1,250          | (1,250)          |
| Service Fees                              | -               | 417            | (417)            | -               | 417            | (417)            |
| Misc. Income                              | 19,691          | 30,724         | (11,033)         | 19,691          | 30,724         | (11,033)         |
| Service Installations Revenue             | 6,300           | 13,667         | (7,367)          | 6,300           | 13,667         | (7,367)          |
| <b>Total Operating Income</b>             | <b>866,726</b>  | <b>935,035</b> | <b>(68,309)</b>  | <b>866,726</b>  | <b>935,035</b> | <b>(68,309)</b>  |
| <b>Operating Expenses</b>                 | <b>PTD Act</b>  | <b>PTD Bud</b> | <b>Variance</b>  | <b>YTD Act</b>  | <b>YTD Bud</b> | <b>Variance</b>  |
| Purchased Water                           | 56,782          | 58,772         | 1,989            | 56,782          | 58,772         | 1,989            |
| Operating Labor                           | 261,753         | 219,076        | (42,677)         | 261,753         | 219,076        | (42,677)         |
| New Service Installations                 | 6,469           | 7,500          | 1,031            | 6,469           | 7,500          | 1,031            |
| Locations-Miss Utility                    | 5,790           | 7,833          | 2,043            | 5,790           | 7,833          | 2,043            |
| Engineering & Maintenance                 | 164,792         | 154,429        | (10,363)         | 164,792         | 154,429        | (10,363)         |
| Water Treatment Supp.                     | 56,385          | 67,467         | 11,081           | 56,385          | 67,467         | 11,081           |
| Utilities                                 | 89,797          | 82,417         | (7,380)          | 89,797          | 82,417         | (7,380)          |
| Vehicle Expense                           | 18,519          | 13,192         | (5,327)          | 18,519          | 13,192         | (5,327)          |
| Testing                                   | 7,230           | 9,500          | 2,270            | 7,230           | 9,500          | 2,270            |
| Biosolids Waste Mgmt                      | 161             | 3,042          | 2,881            | 161             | 3,042          | 2,881            |
| Miscellaneous                             | -               | -              | -                | -               | -              | -                |
| <b>Total Operating Expenses</b>           | <b>667,678</b>  | <b>623,227</b> | <b>(44,451)</b>  | <b>667,678</b>  | <b>623,227</b> | <b>(44,451)</b>  |
| <b>Gross Margin</b>                       | <b>199,048</b>  | <b>311,808</b> | <b>(112,760)</b> | <b>199,048</b>  | <b>311,808</b> | <b>(112,760)</b> |
| <b>General &amp; Admin Expenses</b>       | <b>PTD Act</b>  | <b>PTD Bud</b> | <b>Variance</b>  | <b>YTD Act</b>  | <b>YTD Bud</b> | <b>Variance</b>  |
| Billing & Collection Exp                  | 11,900          | 11,658         | (241)            | 11,900          | 11,658         | (241)            |
| G & A Labor                               | 103,350         | 101,732        | (1,618)          | 103,350         | 101,732        | (1,618)          |
| Comp. Board of Members                    | 596             | 667            | 71               | 596             | 667            | 71               |
| Insurance Premiums                        | 10,939          | 13,700         | 2,761            | 10,939          | 13,700         | 2,761            |
| Bank & Credit Card Fees                   | 821             | 858            | 37               | 821             | 858            | 37               |
| Offices Expenses                          | 59,438          | 21,296         | (38,142)         | 59,438          | 21,296         | (38,142)         |
| Legal/Bond Fees                           | 16,566          | 11,125         | (5,441)          | 16,566          | 11,125         | (5,441)          |
| Water Regulatory Fees                     | 4,578           | 3,875          | (703)            | 4,578           | 3,875          | (703)            |
| Audit & Other Consulting                  | 12,650          | 3,500          | (9,150)          | 12,650          | 3,500          | (9,150)          |
| <b>Total General &amp; Admin Expenses</b> | <b>220,837</b>  | <b>168,411</b> | <b>(52,426)</b>  | <b>220,837</b>  | <b>168,411</b> | <b>(52,426)</b>  |
| <b>Net Operating Income</b>               | <b>(21,789)</b> | <b>143,397</b> | <b>(165,186)</b> | <b>(21,789)</b> | <b>143,397</b> | <b>(165,186)</b> |
| <b>Non-Operating Income</b>               | <b>PTD Act</b>  | <b>PTD Bud</b> | <b>Variance</b>  | <b>YTD Act</b>  | <b>YTD Bud</b> | <b>Variance</b>  |
| Avail. - Water & Sewer - Madison Co.      | -               | -              | -                | -               | -              | -                |
| Avail. - Water & Sewer - Orange Co.       | 300,000         | -              | 300,000          | 300,000         | -              | 300,000          |
| Interest Earned                           | 21,212          | 33,333         | (12,122)         | 21,212          | 33,333         | (12,122)         |
| Gain Loss on Disposals of Property        | -               | -              | -                | -               | -              | -                |
| Non Operating Revenue Cap Contr.          | -               | -              | -                | -               | -              | -                |
| Insurance Recoveries                      | 19,106          | -              | 19,106           | 19,106          | -              | 19,106           |
| <b>Total Non-Operating Income</b>         | <b>340,318</b>  | <b>33,333</b>  | <b>306,984</b>   | <b>340,318</b>  | <b>33,333</b>  | <b>306,984</b>   |
| <b>Net Income Before Debt Service</b>     | <b>318,529</b>  | <b>176,730</b> | <b>141,798</b>   | <b>318,529</b>  | <b>176,730</b> | <b>141,798</b>   |
| <b>Debt Service</b>                       | <b>PTD Act</b>  | <b>PTD Bud</b> | <b>Variance</b>  | <b>YTD Act</b>  | <b>YTD Bud</b> | <b>Variance</b>  |
| Debt Service                              | -               | 33,709         | 33,709           | -               | 33,709         | 33,709           |
| <b>Net Income</b>                         | <b>318,529</b>  | <b>143,022</b> | <b>175,507</b>   | <b>318,529</b>  | <b>143,022</b> | <b>175,507</b>   |