

A regular meeting of the Board of Members of Rapidan Service Authority was held on December 21, 2023 at the Madison County Administration Building, Madison, VA.

The meeting was called to order at 2:00 PM. A quorum was established followed by the Pledge of Allegiance.

Present:	Members:	Coppage, Elliott, Johnson, Marshall (2:07), Voorhees (2:02)
	Staff:	G.M. Clemons, D.A. Gaskins, Cindy Breeden
	Attorney:	Stefan Calos
	Guests:	Dave Davies

The agenda for the meeting was adopted on a motion by Coppage, seconded by Elliott, and passed 3-0 on a voice vote.

After a correction in the spelling of Attorney Calos's first name, the minutes of the November 16, 2023 meeting were approved on a motion by Coppage, seconded by Elliott, and passed 3-0 on a voice vote.

There was no old business.

When an opportunity for public comment was presented, Dave Davies from Lake of the Woods spoke. He pointed out that the proposed RSA operating budget has a projected 10% overall rate increase with a rate increase as high as 50% in some systems. He asked if these systems had been identified. GM Clemons explained that the Board was not adopting a rate increase at today's meeting and that the possible 50% increase applied to the Route 20 system. This is a well-based, water-only system that currently has the lowest rate of all of RSA's systems. Even if a 50% rate increase is applied, the system will continue to have one of the lower rates in the RSA system. RSA plans to do a rate study during the first half of 2024 to determine appropriate rates for its various systems.

There were no customer requests and no Board comment.

GM Clemons then presented the proposed 2024 operating budget. The RSA Board is required to pass an operating budget at its December meeting each year in order to satisfy the requirements of RSA's VRA bond covenants. A minimum net income before debt service of 115% of anticipated operating expenses is required, and the proposed budget provides 138%. GM Clemons pointed out that this is an operating budget only. It does not include non-operating revenue (such as availability fees) or expenses. In an effort to handle its funds wisely, RSA has avoided using non-operating revenue on operating expenses so that it can be allocated for capital projects or to build reserves. The proposed budget is based on an overall rate increase of 10% and includes a 5% COLA increase for all full-time staff. On a motion by Coppage, seconded by Voorhees, the Board voted to adopt the proposed operating budget on a unanimous rollcall vote.

RSA's 2024 proposed Board meeting schedule was then presented. Meetings are scheduled to alternate between Orange and Madison.

On a motion by Coppage, seconded by Voorhees, the Board unanimously adopted a resolution expressing appreciation for Lee Frame's service on the Board from 2008-2023.

On a motion by Coppage, seconded by Marshall, the Board unanimously adopted a resolution expressing appreciation for Jim Crozier's service on the Board during the last six years.

GM Clemons gave his report. A contract has been negotiated for the building on Route 29 in Madison that had previously been mentioned as a possibility for RSA's new office/maintenance department space for RSA staff who formerly worked out of Greene County. The final agreed on price was \$675,000 and settlement is scheduled for January 5, 2024. On another note, Gordonsville Town Manager Debbie Kendall has indicated that the Town will accept the contract RSA had previously offered them with regard to the purchase of water. Mr. Calos has gone through the contract and RSA has agreed to raise the daily purchase limit from 350,000 to 375,000 gallons, but nothing else has changed. GM Clemons will work with Mr. Calos on the final version and will bring the contract to the RSA Board for final approval at the next Board meeting after he has received the signed copy from Ms. Kendall.

On a motion by Johnson, seconded by Coppage, the Board voted on a unanimous voice vote to go into closed session for consultation with legal counsel on specific matters related to the Virginia Freedom of Information Act. (Please see motion attached to these minutes.) The Board went into closed session at 2:19 PM. It came out of closed session at 2:43 PM. The General Manager advised the Board that annual financial disclosure forms were being provided for each of them to fill out. The Board then voted unanimously to adjourn after a motion by Coppage, seconded by Elliot.

Chairman

**MOTION TO ENTER INTO CLOSED SESSION AT
THE REGULAR MEETING OF THE BOARD OF MEMBERS OF THE
RAPIDAN SERVICE AUTHORITY ON DECEMBER 21, 2023**

Chairman Johnson moved that the Board of Members of the Rapidan Service Authority enter into closed session to discuss the following matter, pursuant to Virginia Code section 2.2-3711(A)(8):

Consultation with legal counsel employed or retained by Rapidan Service Authority regarding specific legal matters related to the Virginia Freedom of Information Act requiring the provision of legal advice by such counsel.

Seconded by: Coppage

The motion passed unanimously by voice vote.

Upon leaving the closed session and entering back into open session, Chairman Johnson stated 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.

He then asked each Board Member to certify that the foregoing requirements were met, by saying “AYE”.

Coppage	<u> Aye </u>
Elliot	<u> Aye </u>
Johnson	<u> Aye </u>
Marshall	<u> Aye </u>
Voorhees	<u> Aye </u>

All Board Members certified by saying “AYE”, except _____

WATER PURCHASE CONTRACT

This Water Purchase Contract (this "Contract") for the sale and purchase of water is entered into this ___ day of _____, 202__, by and between RAPIDAN SERVICE AUTHORITY, a public body politic and corporate and political subdivision of the Commonwealth of Virginia ("Seller"), and the TOWN OF GORDONSVILLE, a Virginia municipal corporation ("Purchaser").

WITNESSETH

WHEREAS there existed a contract for the sale and purchase of water between the parties entered into on May 14, 1971, and amended August 12, 2010 (collectively, the "Prior Contract");

WHEREAS the Prior Contract expired on September 30, 2023; and

WHEREAS the parties wish to enter into a new contract.

NOW THEREFORE,

WITNESSETH

That for and in consideration of One Dollar (\$1.00) cash in hand paid and other good and valuable consideration hereby acknowledged by the parties to be sufficient at law, the parties agree as follows:

A. THE SELLER AGREES:

1. **Quality and Quantity:** To furnish at the metering point of delivery located at or near the junction of Routes 15 and 33 in Gordonsville during the term of this Contract, and any renewal or extension thereof, potable treated water meeting applicable purity standards of the Virginia Department of Health, and such quantity as may be required by the Purchaser, up to Eleven Million Two Hundred Fifty Thousand (11,250,000) gallons per month, with a maximum of Three Hundred Seventy-Five Thousand (375,000) gallons per day. Purchaser shall have the ability to withdraw more than Three Hundred Seventy-Five Thousand (375,000) gallons per day only upon advance written notice of sixteen (16) hours to the Seller of the Purchaser's need to do so, except such advance notice shall not be required in an emergency situation, and provided that Seller, in the reasonable opinion of the General Manager of Seller or their designee, has the desired water available for sale and can deliver the water at the desired time. In addition, the parties agree that the daily and monthly gallon limits herein provided (but no other terms) may be re-opened for negotiation if it appears to Seller that the Purchaser's needs exceed those amounts on a regular basis, or should any material event occur which substantially affects the Purchaser's need for water. Any increase may only occur if a similar change in contract terms is also reached between Rapidan Service Authority and the Town of Orange.

2. **Point of Delivery and Pressure:** The water will be furnished at a reasonably-constant pressure calculated at the Gordonsville west town limit. Should the Purchaser request a greater delivery pressure, the cost of providing such greater pressure shall be borne in full by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake, or other catastrophe, shall excuse the Seller from this provision for such reasonable period as may be necessary to restore pressure or supply.

3. **Metering Equipment:** To furnish, install, operate and maintain at its own expense at point of delivery, the necessary metering equipment including a meter house or pit and required devices of standard type for properly measuring the quantity of water furnished to the Purchaser, and to calibrate such metering equipment whenever requested by the Purchaser, but not more frequently than once every twelve (12) months. A meter-reading test not more than two percent (2%) above or below the meter's standard designated flow volume shall be deemed accurate. The previous readings of any meter disclosed by such test to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy discovered by such test. If the inaccuracy exceeds two percent (2%) of the meter's standard designated flow volume, Purchaser will receive a credit for any overpayments that resulted from such inaccuracy. If the inaccuracy is more than two percent (2%) below the meter's standard designated flow volume, Purchaser will pay Seller the amount of any underpayments that resulted from such inaccuracy. Credits for any overpayments will be applied, and payments for any underpayments will be made, not later than the 10th day of the month following the meter-reading test that disclosed the inaccuracy. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the average amount of water furnished (as corrected by any meter-reading test as set forth in this paragraph) during the 12-month period immediately prior to the failure, unless Seller and Purchaser agree upon a different amount. The metering equipment shall be read, for billing purposes, by Seller on the first business day of each month. An appropriate official of the Purchaser shall have access to the meter at all reasonable times for the purpose of verifying its readings.

4. **Billing Procedure:** To furnish Purchaser at the Notice address, below, not later than the fifteenth (15th) day of each month with a statement of the monthly amount of water furnished to Purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. To pay to Seller not later than the 10th day of each month for water furnished in accordance with the rate set forth in paragraph C.4. below.
2. To pay to Seller interest on unpaid accounts at the then-current legal rate of interest.

C. IT IS FURTHER MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Term:** This Contract shall extend for a period of fifteen (15) years, from October 1, 2023, to September 30, 2038, with an option to renew for a 5-year extension upon mutual written agreement. If this Contract is not so renewed, Rapidan Service Authority may provide, and the Town of Gordonsville may purchase, water per the then-existing rate determined by Rapidan Service Authority. If Purchaser's town council fails to appropriate in the town's annual budget funds sufficient for Purchaser to meet its obligations under this Contract, or if Purchaser fails to timely make any payment required hereunder, Seller may terminate this Contract effectively immediately.

2. **Failure to Deliver:** The Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser at the point of delivery with quantities of water set forth in paragraph A.1. Temporary or partial failures to deliver water shall be remedied as quickly as possible. In the event of an extended shortage of water, or if the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water available to Purchaser shall be reduced or diminished in the same ratio or proportion as the supply to Seller's other consumers is reduced or diminished.

3. **Successor to Parties:** This Contract shall be binding upon the parties hereto, and to their successors and assigns upon the approval of both parties. Such approval shall not be unreasonably withheld.

4. **Calculation of Rate:** The rate for water beginning on October 1, 2023, and for each year thereafter for the term of this Contract, as it may be extended, or if it is not renewed or otherwise extended, shall be set by the Rapidan Service Authority Board of Members and shall be subject to change on an annual basis. The rate shall, at a minimum, permit Rapidan Service Authority to cover all operating expenses and debt service and provide for an annual administrative reserve contingency of Fifteen percent (15%).

In the event that the Purchaser's daily withdrawal amount causes the Seller's daily withdrawal to exceed Five Hundred Thousand gallons on any given day, the rate for such overage attributable to the Purchaser shall be at one and one-quarter (1.25) times the then-current rate.

5. **Notices:** Notices pursuant to this Contract shall be given by postage-prepaid first-class mail or hand-delivered to the following contacts.

For the Seller
General Manager
Rapidan Service Authority
P.O. Box 736
Locust Grove, VA 22508

For the Purchaser
Town Manager
Town of Gordonsville
P.O. Box 276
Gordonsville, VA 22942

Or such notices may be given by email to the then-current officer above, provided that the recipient acknowledges receipt or each such officer has agreed by email or other writing that email is an acceptable form of communication for such notices.

6. **Complete Agreement:** This Contract supersedes the Prior Contract and abrogates any and all prior agreements between the parties related to the subject matter herein and represents the entire agreement between the parties. This Contract shall be modified only by written agreement executed by both parties. This Contract shall be construed under the laws of the Commonwealth of Virginia. The Orange County, Virginia Circuit Court shall have sole and exclusive jurisdiction over any dispute arising out of this Contract.

Witness the following signatures:

[signature pages follow]

RAPIDAN SERVICE AUTHORITY

By: _____
Print Name:
Title:

Attest:

Print Name:
Title:

STATE OF VIRGINIA
City/County of _____, to-wit:

The foregoing Water Purchase Contract with the Town of Gordonsville was acknowledged before me this ____ day of _____, 2023 by _____ on behalf of RAPIDAN SERVICE AUTHORITY.

Notary Public

My Commission Expires:
Notary Registration No.:

[Town of Gordonsville signature page follows]

TOWN OF GORDONSVILLE

By: Robert K. Coiner
Robert K. Coiner, Mayor

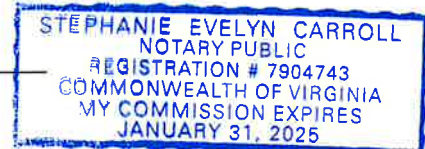
Attest:

Janet W. Jones
Janet W. Jones, Town Clerk

STATE OF VIRGINIA
City/County of _____, to-wit:

The foregoing Water Purchase Contract with Rapidan Service Authority was acknowledged before me this 3 day of January, 2023 by Robert K. Coiner on behalf of the TOWN of GORDONSVILLE.

[Signature]
Notary Public



My Commission Expires:
Notary Registration No.: 7904743