



**RAPIDAN SERVICE AUTHORITY
BOARD OF MEMBERS AGENDA
21-May-26**

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**NOTE: MEETING TO BE HELD AT THE ORANGE COUNTY ADMINISTRATION AT 2:00 PM.
11282 GOVERNMENT CENTER DRIVE, ORANGE, VA 22960**

TO VIEW THE MEETING VIRTUALLY, VISIT

https://www.youtube.com/live/J_J2zOFhowY

A regular meeting of the Board of Members of Rapidan Service Authority was held on April 16, 2026, at the Madison County Administration Building, Madison, 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, MFAS Franchuck, Nolan Carney
	Attorney:	Stefan Calos
	Guests:	Bryan Nicol, Mike Snyder, Carty Yowell

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

In preparation for ratifying the minutes from the March 19, 2026 Board meeting, several minor changes were made. A copy of the proposed schedule of rates for Gordonsville was added to the minutes. The words "directly billed" were deleted from the first sentence of the fifth paragraph. The word "should" located four words from the end of the fourth line of that same paragraph was changed to "if," and the first "if" of the sixth line of the same paragraph was deleted. The minutes as amended were then approved on a motion by Davies, seconded by Marshall, and passed unanimously on a voice vote.

There was no old business or public comment. There were no customer requests. During the opportunity for Board comment, Mr. Coppage noted the passing of former RSA Board Chairman Steve Hoffman and suggested that RSA should do something to honor his memory. G.M. Clemons indicated that this had been taken care of.

G.M. Clemons then presented a proposed policy for RSA's selection and procurement of projects under Virginia's Public-Private Education Facilities and Infrastructure Act of 2002 ("PPEA"). The Act provides a framework for government entities in Virginia to collaborate with private partners to plan, finance, build and operate public facilities more efficiently and is a potential tool for RSA in some of its upcoming larger projects. RSA has been approached by individuals regarding potential projects but has been unable to pursue these opportunities because it did not have a suitable policy in place. RSA is requesting that the Board adopt the proposed policy subject to final review and approval by legal counsel. On a motion by Coppage, seconded by Elliott, the Board unanimously approved the proposed policy (subject to approval by legal counsel) on a roll call vote.

Asst. G.M. Jarrell then presented the results of RSA's RFP for term contracts for engineering services. After consideration of the eight proposals it received and interviews with seven of the firms, RSA staff determined that six of them would be suitable for RSA's anticipated needs. Staff is requesting that the Board authorize the General Manager to enter into one-year contracts (renewable up to three times) with these firms, subject to final approval by legal counsel. On a motion by Davies, seconded by Coppage, this request was approved on a unanimous voice vote.

G.M. Clemons then gave his report. There continues to be a drought concern in the Commonwealth, and RSA is in an area designated by DEQ as being in a state of moderate drought. RSA has also recently

experienced odor issues near its Wilderness wastewater treatment plant. This is a common problem during the spring and fall due to changing temperatures. RSA is working on mitigating the effects of the problem, although there is a limit as to what can be done. G.M. Clemons indicated that an improved aeration system (the original is over 20 years old) would probably be helpful. On a positive note, he then announced that RSA has hired a public affairs manager, Adriel Stokes, who is scheduled to begin work on April 30. G.M. Clemons thanked Asst. G.M. Jarrell and MFAS Franchuck for their hard work in finding a suitable individual for the position. He then reminded the Board of the Gordonsville sewer rate hearing that evening at 6:30 p.m. He closed by pointing out the financial sheet included in the Board package. Although staff has not yet been able to incorporate all of Mr. Davies's suggestions into the financial sheet, a line has been added comparing the current and previous years' operating income.

The Board had several questions regarding current and future RSA projects. Mr. Coppage asked about work on the Madison project. Asst. G.M. Jarrell indicated that RSA has all of its permits and demolition has begun. The site work crew has currently been working on the Route 20 vault, but its focus should shift to Madison next week. RSA has a construction easement for the property it needs adjacent to the site and will be having further discussions with the owner regarding acquisition of the property. Mr. Davies asked about the pump station project, and G.M. Clemons indicated that it would be given to one of the term engineering firms to work on. Mr. Davies then asked about the pump truck that was in the Lake of the Woods area on a daily basis. He asked if this was a short-term situation. The pump truck currently visits several of the tanks on a daily basis, but Asst. G.M. Jarrell stated that he hopes that this is a short-term solution. The problem is a loss of vacuum, especially at the ends of lines. Asst. G.M. Jarrell hopes that one of the engineering firms will be able to assist RSA in determining the cause of the problem and pump station upgrades and system improvements that can help. Mr. Marshall asked about the work being done on Route 20. G.M. Clemons indicated that it was the work on the vault and that it is nearly complete.

During his report, Attorney Calos indicated that he is still working on PFAS claims and that RSA has received another payment for just over \$10,000. Mr. Calos brought a check with him to today's meeting to give to RSA.

The Board then went into closed session at 2:20 p.m. after unanimously passing on a voice vote a motion made by Coppage, seconded by Elliott, to go into closed session to discuss the selection of a candidate for General Manager, possible litigation and specific legal matters related to these items. (motion attached)

Upon leaving the closed session at 2:52 p.m., each Board member individually certified that only permissible topics had been discussed during the closed session.

Mr. Coppage then moved that the Board amend the agenda to include, under New Business, Item I: Appointment of General Manager. The motion was seconded by Marshall and passed on a unanimous voice vote. Mr. Coppage then moved that, subject to final contract approval, David Jarrell be appointed the new General Manager effective June 27, 2026. The motion was seconded by Davies and passed on a unanimous roll call vote.

With no further business to discuss, on a motion by the Chair, the Board voted unanimously to adjourn at 2:54 p.m.

Chairman

**MOTION TO ENTER INTO CLOSED SESSION AT
THE REGULAR MEETING OF THE BOARD OF MEMBERS OF THE
RAPIDAN SERVICE AUTHORITY ON APRIL 16, 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), (7), and (8), respectively:

(a) Consideration of the appointment for RSA’s general manager position, (b) 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 the Board, and (c) consultation with legal counsel regarding specific legal matters related to the foregoing items.

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	_____ X _____
Davies	_____ X _____
Elliott	_____ X _____
Johnson	_____ X _____
Marshall	_____ X _____

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

A special meeting of the Board of Members of Rapidan Service Authority was held on April 16, 2026, at the Gordonsville Town Hall, Gordonsville, VA.

A quorum was present, and the meeting was called to order at 6:30 p.m.

Present:	Members:	Coppage, Johnson, Marshall
	Staff:	G.M. Clemons, Asst. G.M. Jarrell

The purpose of the meeting was to hold an advertised public hearing regarding the rate adjustment proposed for the Gordonsville sewer system if and when current Town of Gordonsville customers become Rapidan Service Authority customers, as required by the Virginia Water and Waste Authorities Act, Code of Virginia, and to hear comments from the public.

Three speakers attended and spoke at the meeting: The speakers were Curtis Clark, 452 Cumbria Street, Gordonsville VA, Anthony Schienschang, Gordonsville Town Manager, and Ron Brooks, Mayor of Gordonsville.

Mr. Curtis noted that with the proposed rate, his bill would actually go down, and he was thankful for that. He asked what the percentage of the water meter reading would be for the sewer charge and was advised by GM Clemons that it is currently proposed at 100 percent. He also asked if the proposed rate would be for this year only, given the volume of projects he understood RSA has to take on. He was advised by GM Clemons that the Board would evaluate the rate after a year and would then determine whether the rate would increase, decrease or remain the same.

Town Manager Schienschang spoke on behalf of the Town of Gordonsville staff. He thanked the Chairman and GM for working together with the Town and offered any help needed for future rate setting.

Mayor Brooks also thanked the Chairman and GM for working with the Town and its staff. He further commented that RSA might consider an additional fee in the future to be used for specific projects, repairs, etc., similar to what is done in the Lake of the Woods neighborhood in Locust Grove, VA. The mayor voiced his support for that type of fee, if determined to be needed.

Chairman Johnson noted that the rates and or fees collected for the Gordonsville sewer system would be intended to be used for the operation and maintenance of the Gordonsville system. He did note that administrative costs must be shared by all of the systems that RSA owns and operates.

With no other comments from the public, the meeting adjourned at 6:39 p.m.

Chairman

From: Edna Gorman <egarts78@verizon.net>
Sent: Monday, May 4, 2026 11:59 AM
To: RSA Board <rsaboard@Rapidan.org>
Subject: Loyal customer urgent reply acct #5872-2

Dear Board of Rapidan Service Authority

I hope you are all well. I have owned my house at Lake of the Woods since 2002. Please check, I have always paid my bills on time & most of the time prepaid the bill. Since your company is the only water company in the area I have no choice but to use your water, when & if I use water. Through all your years of some mismanagement I have never complained. However as you can see by my bills Account# 5872-2 some months I barely use water. In fact in February I had "0" consumption, yet I must pay \$90.98. I realize you have the policy of charging customers just for the privilege of having your service, but it is still an unfair practice. I have been in touch with the Virginia Attorney General's Office & they have suggested I contact the RSA Board before I pursue other options. I am willing to pay my fair share, but to pay more than my share is an Unfair Consumption practice.

Please respond as soon as possible or I may have to take other action.

Sincerely

Edna Gorman
1344 Lakeview Pkwy
703-841-1311 (home)
571-335-3667 (cell)

[Sent from AOL on Android](#)

You are hereby advised that, pursuant to the Virginia Freedom of Information Act, written correspondence (including, but not limited to, letters, e-mails and faxes) from and to Rapidan Service Authority and its Board of Members and employees, and others acting on its behalf, may be subject to disclosure as a public record. This includes the e-mail address(es) and other contact and identifying information for parties involved in the correspondence.

RAPIDAN SERVICE AUTHORITY

PO Box 736
 3489 Germanna Highway
 Locust Grove, VA 22508
 540-972-2133

TEMP - RETURN SERVICE REQUESTED

ROBERT & EDNA GORMAN
 1612 N Glebe RD
 ARLINGTON VA 22207-2125

ACCOUNT NUMBER	5872-2
READING DATE	04/14/2026
DATE BILL MAILED	04/28/2026
DUE DATE	05/20/2026
TOTAL AMOUNT DUE	-36.12
PAST DUE AMOUNT	-127.10

Shutoff Date:

Credit Balance - Do Not Pay

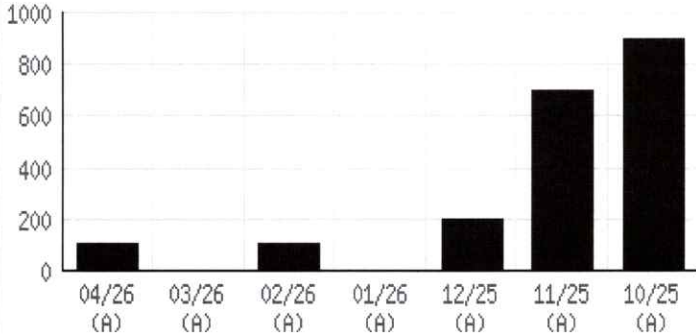
MAKE CHECK
 PAYABLE TO: **RAPIDAN SERVICE AUTHORITY**

Not Responsible for Mail Delivery - Payments are processed the Same Day they are Received.

CUSTOMER ACCOUNT INFORMATION RETAIN FOR YOUR RECORDS

CUSTOMER NAME		SERVICE ADDRESS	ACCOUNT NUMBER	CID
ROBERT & EDNA GORMAN		1344 Lakeview PKWY	5872-2	21779
PREVIOUS READING	CURRENT READING	CONSUMPTION	SERVICE	AMOUNT
03/12/2026 398	04/14/2026 399	100	Previous Balance	-127.10
			Payments	0.00
			Adjustments	0.00
			Water Charges	17.13
			Sewer Charges	39.85
			LOW Vac Sewer Fee	10.50
			LOW Vac Sewer Upgrade Fee	23.50

			DUE DATE	05/20/2026
			TOTAL AMOUNT DUE	-36.12
			AMOUNT DUE AFTER DUE DATE	
			CID: 21779	
To view/pay your bills online, please go to https://rsa.authoritypay.com Note: You will need your full account number and CID#, which are both located on your bill. PREVIOUS BALANCES AND ACCRUED PENALTIES MUST BE PAID BY THE DUE DATE LISTED ON THIS STATEMENT TO AVOID DISCONNECTION. A \$50 SERVICE FEE WILL BE CHARGED TO ALL ACCOUNTS SUBJECT TO DISCONNECTION.				



DETACH HERE AND RETURN THIS PORTION WITH PAYMENT

ACCOUNT NUMBER	5872-2
READING DATE	04/14/2026
CUSTOMER NAME	ROBERT & EDNA GORMAN
SERVICE ADDRESS	1344 Lakeview PKWY
DATE BILL MAILED	04/28/2026
Shutoff Date:	
Payment should be made by the due date to avoid any late charges.	
Credit Balance - Do Not Pay	

DUE DATE	05/20/2026
TOTAL AMOUNT DUE	-36.12

Please make checks payable to: Rapidan Service Authority
 Visit <https://rsa.authoritypay.com> to pay online

AMOUNT PAID	
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ROBERT & EDNA GORMAN
 1612 N Glebe RD
 ARLINGTON VA 22207-2125



RESOLUTION

RESOLVED, that pursuant to Virginia Code section 15.2-5136(G), the attached Rapidan Service Authority Preliminary Schedule of Proposed Rates is hereby adopted as the preliminary schedule fixing and classifying rates, fees, and charges that are to apply if and when current Town of Gordonsville customers become Rapidan Service Authority customers. After a duly noticed public hearing, the preliminary schedule, either as originally adopted or as amended, is to be adopted and shall be put into effect if and when Town of Gordonsville customers become Rapidan Service Authority customers. Rapidan Service Authority reserves all rights, including those under its 1985 sewer agreement with the Town of Gordonsville and 2024 water agreement with the Town of Gordonsville.

ADOPTED this 21st day of May, 2026.

R. Mark Johnson, Chairman

Timothy L. Clemons, Secretary

RAPIDAN SERVICE AUTHORITY

PRELIMINARY SCHEDULE OF PROPOSED RATES

As permitted by section 15.2-5136 of the Code of Virginia, Rapidan Service Authority adopts the following preliminary schedule of rates, fees, and charges that are to apply if and when current Town of Gordonsville customers become Rapidan Service Authority customers. A public hearing was held April 16, 2026 at 6:30 P.M. at the Gordonsville Town Hall.

Gordonsville Sewer Rate Schedule

Minimum Charge (0-1000 gallons)	\$30.00
Each Additional 1000 gallons	\$14.00
Non-Metered Accounts Flat Fee (Per EDU)	\$120.00



Memorandum

To: RSA Board of Members
From: David Jarrell, Assistant General Manager
Date: May 13, 2026
Re: Authorization to Accept VDH Initial Funding Offer (WSL-011-26)

The Virginia Department of Health (VDH) issued an initial funding offer on May 8, 2026, for the Town of Madison Water System. This offer is in response to a funding application submitted by RSA in May of 2025. We are seeking Board authorization to formally accept this offer, which is the necessary next step to receive an official award letter. Acceptance of this initial offer does not commit the Authority to the final loan; the formal loan closing will require separate Board approval once the final terms and financial plans are fully refined.

The total estimated funding package is \$6,038,281. The structure of the offer includes:

- Principal Forgiveness (Grant): \$1,310,640, which does not require repayment.
- Loan: \$4,727,641.
- Term Options: We have the choice of a 20-year or 30-year term.
- Interest Rates: VDH indicates recent 20-year rates have varied between 2.85% and 3.15%, while 30-year rates have varied between 3.90% and 4.05%.
- Incentives: An additional 0.25% interest rate reduction is available through the Expedited Closing Program if we close within 12 months.

The proposed improvements are detailed on the following page. The project focuses on infrastructure resiliency, adequate capacity, and water quality. Key components include replacing aging cast iron and AC water mains with modern C900 piping, installing a permanent generator with a 72-hour fuel supply at the water treatment plant, and creating a system loop from a new Rt 29 crossing near Fishback Road to the existing crossing at Maple Drive to eliminate dead-ends and increase redundancy.

Acceptance of this offer allows us to proceed with the administrative requirements mandated by VDH, including a credit review by the Virginia Resources Authority (VRA) and the finalization of an Asset Management Plan (AMP) and Waterworks Business Operation Plan (WBOP). We must notify VDH of our acceptance of this proposed funding package no later than June 8, 2026. This is a non-binding step that keeps the funding package available while we perform the due diligence necessary to determine the most advantageous loan term and final financial plan. By accepting now, we maintain our position in the funding cycle without prematurely committing the Authority to specific debt service obligations.

Town of Madison Water System Improvements

RSA's Town of Madison waterworks serves 277 connections in and around the Town of Madison. The plant was constructed in the late 1960s and has been significantly rehabilitated over the past several years to increase resiliency and redundancy as funding allowed. RSA is now seeking to complete additional projects to replace aging infrastructure and increase resiliency and redundancy. There are several components connected by three main themes:

- Resiliency
- Adequate Capacity
- Water Quality & Safety

Project Components

- **Dedicated Sampling Stations** - 6 stations spread throughout system, to be used for water quality monitoring [*Water Quality & Safety*]
- **Generator/ATS and electrical improvements** at the plant - permanent generator with 72-hour fuel supply, ATS, move all loads to new service and abandon old/original service connection, replace original control valves for High Service pumps. [*Resiliency*]
- **Tank mixer** in existing GST to control water age [*Water Quality & Safety*]
- **Replacement of 6" CIP (lead joints) water main on Thrift Rd** in VDOT RoW - 4,900' 12" C900, 5 hydrants, 6 valves, and 8 service connections; abandon existing 6" [*Resiliency, Adequate Capacity, Water Quality & Safety*]
- **Replacement of 6" CIP (lead joints) raw water line from intake to plant** - 600' 8" C900 [*Resiliency, Water Quality & Safety*]
- **Extension of water main on Rt 29 Business NB** toward Rt 29 to replace an undersized private line serving several customers, including EMS and Fire Department – 3,500' 10" C900, 6 service connections, 8 hydrants, 8 valves [*Adequate Capacity*]
- **Create a loop from Main Street to Maple Drive** – This will eliminate a dead-end and provide a redundant Rt 29 road crossing. The Town of Madison wastewater treatment plant will be served by this line. AC pipe will also be replaced on Maple Drive [*Resiliency, Water Quality & Safety*]
 - **Rt 29 Road crossing** – 350' 10" C900, casing under roadway (~125') per VDOT specifications, 2 valves
 - **870' 10" DIP on Fishback Rd.**, 3 hydrants, dual PRV vault, 5 valves
 - **Loop from Fishback Rd to Maple Drive** - 7,250' 8" C900 from Fishback Rd to Little Church Ln to Maple Dr to Rt 29, 10 hydrants, dual PRV vault, 16 valves, 14 service connections. This includes replacement of 550' of 6" AC pipe.



COMMONWEALTH of VIRGINIA

B. Cameron Webb, MD, JD
State Health Commissioner

Department of Health
P O BOX 2448
RICHMOND, VA 23218

TTY 7-1-1 OR
1-800-828-1120

May 8, 2026

Subject: Madison County
Water – Rapidan Service Authority
Redundancy & Resiliency Improvements
WSL-011-26

David Jarrell, General Manager
Rapidan Service Authority
2445 S. Seminole Trail
Madison, VA 22727

Re: Virginia Drinking Water State Revolving Fund
FY 2026 Drinking Water Construction/Financial Assistance
DWSRF Initial Offer

Dear Mr. Jarrell:

The Virginia Department of Health (VDH) has completed a preliminary review of your application for drinking water construction funds. The determination of the funding package is shown below; however, this determination and your inclusion in VDH's Intended Use Plan is contingent on the availability of federal and state funding as well as the conditions below.

Based on the information provided, VDH determined the total funding package for your project is estimated to be **\$6,038,281**. The funding package consists of **\$1,310,640 as principal forgiveness and \$4,727,641 as a loan with your choice of terms – either 20 years or 30 years (or the design life of the project, whichever is less)**. **The interest rate on the 20-year loan will be set 1.0% below the 20-year market rate in the month before loan closing, and the interest rate shall not be less than 1.0%.** **Recently, the 20-year market rate less 1.0% program subsidy has varied between 2.85% and 3.15%.** **The interest rate on the 30-year loan will be set 0.50% below the 30-year market rate in the month before loan closing, and the interest rate shall not be less than 1.5%.** **Recently, the 30-year market rate less 0.5% program subsidy has varied between 3.90% and 4.05%.**

These interest rates will be reduced by **0.25%** under our Expedited Closing Program, not to drop below 1.0% for a 20-year term and 1.5% for the 30-year term. To qualify for the Expedited Closing Program, VDH requires your loan closing be completed within 12 months of our original award letter. If this funding offer is accepted, then you will receive an award letter after this. If you will participate in this special program, please indicate your plans for complying in your response letter.

VDH recommends waterworks owners implement a revenue growth model that includes automatic annual rate adjustments that exceed inflation. Having adequate financial resources is crucial to maintaining successful and sustainable waterworks. VDH recommends waterworks self-evaluate their financial positions

Mr. Jarrell, General Manager

May 8, 2026

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using the attached ***Building Financial Sustainability/Financial Health Indicators*** to ensure they are able to provide for financial sustainability. **You should begin to prepare your latest audited financial statement (fiscal year 2025) to avoid any delays in credit review and loan closing.**

VDH recommends all waterworks maintain updated Waterworks Business Operation Plans (WBOP), Asset Management Plans (AMP), and/or Capital Improvement Plans. As part of the Technical, Managerial, and Financial (TMF) Capacity Review, ODW Capacity Development requires an AMP and WBOP. Please coordinate with Capacity Development on the AMP, WBOP, and for questions on the TMF review. These questions can be directed to Sarah Rowe, Capacity Development Supervisor, by phone at (804) 965-4385 or by email at Sarah.Rowe@vdh.virginia.gov.

Currently, the federal Drinking Water State Revolving Fund (DWSRF) appropriation and final requirements have not yet been finalized. However, all recipients should expect to comply with American Iron and Steel (AIS) requirements or Build America/Buy America Act (which includes AIS requirements), Davis Bacon Prevailing Wage, and other provisions as required.

The funding package and loan closing are conditioned on and are subject to change based on (but not limited to) the following:

- (1) The availability of federal and state match funds to support the DWSRF Program,
- (2) New restrictions/conditions that the EPA or VDH may require for participation in the Program or in the use of the SRF funds,
- (3) Changes to the purpose, benefit, or scope of the project from the Preliminary Engineering Report (PER) or the DWSRF Application; or if the VDH-ODW Field Office does not concur with the project purpose, benefit, or scope,
- (4) Owner complying with the DWSRF Program requirements, and owner's progress to a timely closing according to a pre-negotiated schedule, or delays/changes in project readiness to proceed,
- (5) Owner's history of activities with the ODW/DWSRF Program (i.e., late or non-payments or non-compliance),
- (6) Owner obtaining user agreements from future water users in the project area, (if applicable)
- (7) The financial estimates provided in your loan application changing,
- (8) Owner's ability to secure the loan. All loan offers will require an acceptable credit review by the Virginia Resources Authority,
- (9) Owner soliciting other lenders for parity on this new debt,
- (10) Owner being debarred or suspended from applying for state or federal funds,
- (11) Waterworks maintaining compliance with the Virginia *Waterworks Regulations* and other applicable state/federal laws, regulations, policies, and procedures, and
- (12) EPA mandates that all program assistance recipients demonstrate full technical, financial, and managerial capacity in order to receive funds. VDH may place special requirements on recipients in order to ensure capacity requirements are met prior to loan closing.

An acceptance of this funding offer reflects a commitment on your part to these requirements. VDH reserves the right to by-pass any project that has not executed financial agreements within 12 months from the date of VDH's original award letter.

Please notify me in writing as soon as possible but no later than June 8, 2026, at the email address Anthony.Hess@vdh.virginia.gov of your acceptance of this initial funding package offer or any concerns and additional factors that should be considered. Failure to notify me can be deemed as your withdrawal from this program. Please use the above referenced project number and name on all

Mr. Jarrell, General Manager

May 8, 2026

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correspondence. If necessary, I can be contacted by phone at (804) 584-0413 or by email at Anthony.Hess@vdh.virginia.gov .

Sincerely,



box SIGN 17Y936R3-4KZZR6LX

Anthony Hess, Director

Division of Financial & Construction Assistance Programs

cc: Sarah Rowe, Capacity Development Supervisor – Training, Capacity Development and Outreach
Keith Kornegay, P.E., FCAP Project Team Leader, Lexington Field Office
Jeremy Hull, P.E., ODW Field Director, Culpeper Field Office
Joe Bergeron, VRA, Director of Financial Services and Investments

VDH OFFICE OF DRINKING WATER
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

Building Financial Sustainability/Financial Health Indicators

Having adequate financial capacity and an acceptable credit review is a Program requirement for revolving fund loan projects. Listed below are some financial indicators that may be evaluated during a review by VDH or by the Virginia Resources Authority (VRA). Reviews are not limited to the factors listed below and may include other factors.

Revenue Pledge Factors: *(User fees pledged for loan repayment)*

1. **Debt Service Coverage Ratio:** Net Revenue (revenue – O&M) available for debt service divided by applicable debt service. Evaluated using the first two fiscal years after project completion.
 - Poor Less than 1.15x
 - Adequate From 1.15x to 1.5x
 - Strong Greater than 1.5x

2. **Days Cash on Hand:** Amount of total available unrestricted liquid reserves divided by daily operating expenditure requirements.
 - Poor Less than 60 days
 - Adequate From 60 to 120 days
 - Strong Greater than 120 days

3. **Operating Ratio:** Total operating income plus operating reserves divided by total operating costs (not including debt)
 - Poor Less than 1.1
 - Adequate From 1.1 to 3.0, Small systems (1.25 to 3.0), Medium and large (1.1 to 2.0)
 - Strong Greater than 3.0 Small systems (3.0), Medium and large (2.0)

General Obligation Factors:¹ *(Locality pledges its full faith and credit, backed by taxing power)*

4. **State Aid (if applicable):** Available state aid divided by applicable debt service.
 - Poor Less than 1.0x
 - Adequate From 1.0x to 1.5x
 - Strong Greater than 1.5x

5. **Debt Service vs. Expenditures:** Debt service compared to the total operating budget.
 - Poor Greater than 15%
 - Adequate From 10% to 15%
 - Strong Less than 10%

6. **Unassigned Fund Balance:** Unassigned fund balance vs. total revenue.

¹ Evaluate the debt, revenues, and expenses of the entire entity and not just the waterworks enterprise fund

- Poor Less than 5%
- Adequate From 5% to 10%
- Strong Greater than 10%

7. **Debt Payout Ratio:** Measurement of how much debt is paid off in ten years.

- Poor Less than 50%
- Adequate From 50% to 60%
- Strong Greater than 60%

8. **Total Debt vs. Total Valuation:**

- Poor Greater than 6%
- Adequate From 2% to 6%
- Strong Less than 2%

Other Factors:

9. **Affordability Index Target:** Annual residential bill divided by Annual Median Household Income (MHI).

- 1% for average gallons per month*
- 2% for 5,000 gallons per month

* Use the rate structure (in-town, if applicable) for residential customers and apply it to the average monthly residential water usage to derive the average monthly user rate for evaluation under the DWSRF Program. The average monthly residential water usage is to be based on residential water meter data. Waterworks are expected to meet or exceed the target rate criteria at the time of project completion.

Other considerations:

Experience has shown that fairly structured utility rates that implement gradual rate increases annually have been the most acceptable to the ratepayers and most effective in keeping revenue at pace with costs.

VDH recommends waterworks implement a revenue growth model that factors in increases (e.g., operational costs, inflation, etc.), other costs (e.g., asset/equipment replacements, technology upgrades, capital improvements, etc.), and takes into account other potential revenue reductions (e.g., future regulations, reductions from water conservation, etc.).

VDH recommends waterworks establish and fund a capital reserve fund that adequately supports capital improvements and asset replacements.

VDH reserves the right to require an implementation schedule acceptable to VDH for those waterworks that may need additional time for implementation of significant rate increases.



Memorandum

To: RSA Board of Members
From: David Jarrell, Assistant General Manager
Date: May 18, 2026
Re: Authorization to Accept VDH Initial Funding Offer (WSL-014-26)

The Virginia Department of Health (VDH) issued an initial funding offer on May 15, 2026, for the “Locust Grove GWWIP Phase 2 Planning” project serving the Wilderness water system. This offer is in response to a funding application submitted by RSA in May of 2025. We are seeking Board authorization to formally accept this offer, which is the necessary next step to receive an official award letter. Acceptance of this initial offer does not commit the Authority to the final loan; the formal loan closing will require separate Board approval once the final terms and financial plans are fully refined.

The total estimated DWSRF funding package is \$5,566,000. The structure of the offer includes:

- Loan Component: \$5,566,000 (100% loan).
- Term: 20 years (or the design life of the project, whichever is less).
- Interest Rates: VDH indicates the rate will be set at 1.0% below the 20-year market rate, which has recently varied between 2.85% and 3.15%. The interest rate shall not be less than 1.0%.
- Incentives: An additional 0.25% interest rate reduction is available through the Expedited Closing Program if we close within 12 months, which would lower the interest rate floor to no less than 1.0%.

This project would initiate Phase 2 of RSA’s Germanna-Wilderness Water Improvements Plan (GWWIP), which entails constructing new water treatment processes on a new site near the existing facility. The complete Phase 2 scope spans two stages:

- Phase 2a (~\$27,000,000): Includes land acquisition to allow continued operation of the Phase 1 plant during the upgrade; construction of raw water storage and pretreatment facilities to improve sedimentation and enhance organics removal; and the implementation of activated carbon treatment to control disinfection byproducts, protect against emerging contaminants like PFAS, and mitigate taste and odor issues.
- Phase 2b (~\$20,000,000): Replaces the existing filtration plant with modern membrane filtration technology, integrating previous Phase 1 and Phase 2a components.

Given that the total estimated cost for the Phase 2 improvements is \$47,000,000, this \$5.566 million VDH offer represents initial project funding to enable land acquisition and engineering design. Following land acquisition and detailed design for Phase 2, RSA will prioritize the construction of the Phase 2a improvements to address immediate risks regarding disinfection byproducts and source water taste/odor events before moving to construction of the Phase 2b membrane facility.

Acceptance of this offer allows us to proceed with the administrative requirements mandated by VDH, including a credit review by the Virginia Resources Authority (VRA) using our FY 2025 audited financial statement, and the finalization of an Asset Management Plan (AMP) and Waterworks Business Operation Plan (WBOP). We must notify VDH of our acceptance of this proposed funding package no later than June 15, 2026. This is a non-binding step that keeps the funding package available while we perform the due diligence necessary to determine our final long-term capital financing structure. By accepting now, we maintain our position in the funding cycle without prematurely committing the Authority to specific debt service obligations.



COMMONWEALTH of VIRGINIA

B. Cameron Webb, MD, JD
State Health Commissioner

Department of Health
P O BOX 2448
RICHMOND, VA 23218

TTY 7-1-1 OR
1-800-828-1120

May 15, 2026

Subject: Orange County
Water –Rapidan Service Authority
Locust Grove GWVIP Phase 2 Planning
WSL-014-26

David Jarrell, General Manager
Rapidan Service Authority
2445 S. Seminole Trail
Madison, VA 22727

Re: Virginia Drinking Water State Revolving Fund
FY 2026 Drinking Water Construction/Financial Assistance
DWSRF Initial Offer

Dear Mr. Jarrell:

The Virginia Department of Health (VDH) has completed a preliminary review of your application for drinking water construction funds. The determination of the funding package is shown below; however, this determination and your inclusion in VDH's Intended Use Plan is contingent on the availability of federal and state funding as well as the conditions below.

Based on the information provided, VDH determined the total DWSRF funding package for your project is estimated to be **\$5,566,000 as loan**. The final loan amount will be set at loan closing. The funding package was determined using information provided in your loan application.

The funding package consists of a **100% loan at 1.0% below market rates for 20 years** (or the design life of the project, whichever is less). The interest rate on the loan will be set at 1.0% below the 20-year market rate in the month before loan closing, and the interest rate shall not be less than 1.0%. **Recently, the 20-year market rate less 1.0% program subsidy has varied between 2.85% and 3.15%.**

These interest rates will be reduced by **0.25%** under our Expedited Closing Program, not to drop below 1.0% for a 20-year term and 1.5% for the 30-year term. To qualify for the Expedited Closing Program, VDH requires your loan closing be completed within 12 months of our original award letter. If this funding offer is accepted, then you will receive an award letter after this. If you will participate in this special program, please indicate your plans for complying in your response letter.

VDH recommends waterworks owners implement a revenue growth model that includes automatic annual rate adjustments that exceed inflation. Having adequate financial resources is crucial to maintaining successful and sustainable waterworks. VDH recommends waterworks self-evaluate their financial positions using the attached ***Building Financial Sustainability/Financial Health Indicators*** to ensure they are able to

Mr. Jarrell, General Manager

May 15, 2026

Page 2

provide for financial sustainability. **You should begin to prepare your latest audited financial statement (fiscal year 2025) to avoid any delays in credit review and loan closing.**

VDH recommends all waterworks maintain updated Waterworks Business Operation Plans (WBOP), Asset Management Plans (AMP), and/or Capital Improvement Plans. As part of the Technical, Managerial, and Financial (TMF) Capacity Review, ODW Capacity Development requires an AMP and WBOP. Please coordinate with Capacity Development on the AMP, WBOP, and for questions on the TMF review. These questions can be directed to Sarah Rowe, Capacity Development Supervisor, by phone at (804) 965-4385 or by email at Sarah.Rowe@vdh.virginia.gov.

Currently, the federal Drinking Water State Revolving Fund (DWSRF) appropriation and final requirements have not yet been finalized. However, all recipients should expect to comply with American Iron and Steel (AIS) requirements or Build America/Buy America Act (which includes AIS requirements), Davis Bacon Prevailing Wage, and other provisions as required.

The funding package and loan closing are conditioned on and are subject to change based on (but not limited to) the following:

- (1) The availability of federal and state match funds to support the DWSRF Program,
- (2) New restrictions/conditions that the EPA or VDH may require for participation in the Program or in the use of the SRF funds,
- (3) Changes to the purpose, benefit, or scope of the project from the Preliminary Engineering Report (PER) or the DWSRF Application; or if the VDH-ODW Field Office does not concur with the project purpose, benefit, or scope,
- (4) Owner complying with the DWSRF Program requirements, and owner's progress to a timely closing according to a pre-negotiated schedule, or delays/changes in project readiness to proceed,
- (5) Owner's history of activities with the ODW/DWSRF Program (i.e., late or non-payments or non-compliance),
- (6) Owner obtaining user agreements from future water users in the project area, (if applicable)
- (7) The financial estimates provided in your loan application changing,
- (8) Owner's ability to secure the loan. All loan offers will require an acceptable credit review by the Virginia Resources Authority,
- (9) Owner soliciting other lenders for parity on this new debt,
- (10) Owner being debarred or suspended from applying for state or federal funds,
- (11) Waterworks maintaining compliance with the Virginia *Waterworks Regulations* and other applicable state/federal laws, regulations, policies, and procedures, and
- (12) EPA mandates that all program assistance recipients demonstrate full technical, financial, and managerial capacity in order to receive funds. VDH may place special requirements on recipients in order to ensure capacity requirements are met prior to loan closing.

An acceptance of this funding offer reflects a commitment on your part to these requirements. VDH reserves the right to by-pass any project that has not executed financial agreements within 12 months from the date of VDH's original award letter.

Please notify me in writing as soon as possible but no later than June 15, 2026, at the email address Anthony.Hess@vdh.virginia.gov of your acceptance of this initial funding package offer or any concerns and additional factors that should be considered. Failure to notify me can be deemed as your withdrawal from this program. Please use the above referenced project number and name on all correspondence. If necessary, I can be contacted by phone at (804) 584-0413 or by email at Anthony.Hess@vdh.virginia.gov .

Mr. Jarrell, General Manager

May 15, 2026

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Sincerely,



box SIGN 17Y936R3-4L8LKK89

Anthony Hess, Director

Division of Financial & Construction Assistance Programs

cc: Sarah Rowe, Capacity Development Supervisor – Training, Capacity Development and Outreach
Keith Kornegay, P.E., FCAP Project Team Leader, Lexington Field Office
Jeremy Hull, P.E., ODW Field Director, Culpeper Field Office
Joe Bergeron, VRA, Director of Financial Services and Investments

VDH OFFICE OF DRINKING WATER
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)

Building Financial Sustainability/Financial Health Indicators

Having adequate financial capacity and an acceptable credit review is a Program requirement for revolving fund loan projects. Listed below are some financial indicators that may be evaluated during a review by VDH or by the Virginia Resources Authority (VRA). Reviews are not limited to the factors listed below and may include other factors.

Revenue Pledge Factors: *(User fees pledged for loan repayment)*

1. **Debt Service Coverage Ratio:** Net Revenue (revenue – O&M) available for debt service divided by applicable debt service. Evaluated using the first two fiscal years after project completion.
 - Poor Less than 1.15x
 - Adequate From 1.15x to 1.5x
 - Strong Greater than 1.5x

2. **Days Cash on Hand:** Amount of total available unrestricted liquid reserves divided by daily operating expenditure requirements.
 - Poor Less than 60 days
 - Adequate From 60 to 120 days
 - Strong Greater than 120 days

3. **Operating Ratio:** Total operating income plus operating reserves divided by total operating costs (not including debt)
 - Poor Less than 1.1
 - Adequate From 1.1 to 3.0, Small systems (1.25 to 3.0), Medium and large (1.1 to 2.0)
 - Strong Greater than 3.0 Small systems (3.0), Medium and large (2.0)

General Obligation Factors:¹ *(Locality pledges its full faith and credit, backed by taxing power)*

4. **State Aid (if applicable):** Available state aid divided by applicable debt service.
 - Poor Less than 1.0x
 - Adequate From 1.0x to 1.5x
 - Strong Greater than 1.5x

5. **Debt Service vs. Expenditures:** Debt service compared to the total operating budget.
 - Poor Greater than 15%
 - Adequate From 10% to 15%
 - Strong Less than 10%

6. **Unassigned Fund Balance:** Unassigned fund balance vs. total revenue.

¹ Evaluate the debt, revenues, and expenses of the entire entity and not just the waterworks enterprise fund

- Poor Less than 5%
- Adequate From 5% to 10%
- Strong Greater than 10%

7. **Debt Payout Ratio:** Measurement of how much debt is paid off in ten years.

- Poor Less than 50%
- Adequate From 50% to 60%
- Strong Greater than 60%

8. **Total Debt vs. Total Valuation:**

- Poor Greater than 6%
- Adequate From 2% to 6%
- Strong Less than 2%

Other Factors:

9. **Affordability Index Target:** Annual residential bill divided by Annual Median Household Income (MHI).

- 1% for average gallons per month*
- 2% for 5,000 gallons per month

* Use the rate structure (in-town, if applicable) for residential customers and apply it to the average monthly residential water usage to derive the average monthly user rate for evaluation under the DWSRF Program. The average monthly residential water usage is to be based on residential water meter data. Waterworks are expected to meet or exceed the target rate criteria at the time of project completion.

Other considerations:

Experience has shown that fairly structured utility rates that implement gradual rate increases annually have been the most acceptable to the ratepayers and most effective in keeping revenue at pace with costs.

VDH recommends waterworks implement a revenue growth model that factors in increases (e.g., operational costs, inflation, etc.), other costs (e.g., asset/equipment replacements, technology upgrades, capital improvements, etc.), and takes into account other potential revenue reductions (e.g., future regulations, reductions from water conservation, etc.).

VDH recommends waterworks establish and fund a capital reserve fund that adequately supports capital improvements and asset replacements.

VDH reserves the right to require an implementation schedule acceptable to VDH for those waterworks that may need additional time for implementation of significant rate increases.

EMPLOYMENT AGREEMENT

This employment agreement (this “**Agreement**”) is made May 21, 2026, by and between the Board of Members (the “**Board**”) of Rapidan Service Authority, a political subdivision of Commonwealth of Virginia (“**RSA**”), and David Jarrell (“**Jarrell**”).

WITNESSETH:

Whereas, RSA currently employs Jarrell as its assistant general manager (the “**Assistant General Manager**”);

Whereas, the Board desires to appoint and employ Jarrell as RSA’s general manager (the “**General Manager**”);

Whereas, Jarrell desires to accept the appointment and employment, under the terms and conditions set forth below.

In consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

SECTION I TERM

A. On April 16, 2026, the Board appointed and, effective June 27, 2026 (the “**Employment Date**”), employs Jarrell as General Manager, and Jarrell accepts employment as such. Until the Employment Date, Jarrell will remain Assistant General Manager, at which time his position as Assistant General Manager will automatically terminate, and the duties, compensation, benefits, and other provisions of this Agreement with respect to the General Manager position will begin.

B. As General Manager, Jarrell will report directly to the Board. His employment as General Manager is at the pleasure of the Board. Accordingly, Jarrell’s employment as General Manager is “at-will,” meaning that both the Board and Jarrell reserve the right to terminate the employment relationship at any time for any reason not prohibited by law, in accordance with Section V of this Agreement.

SECTION II DUTIES

As General Manager, Jarrell will provide strategic leadership and overall management of RSA’s water and wastewater systems, including operational, financial, regulatory, and personnel functions, implement all Board policies, and perform with skill, care, diligence, and attention all duties connected with his employment as General Manager.

SECTION III COMPENSATION

A. Salary. RSA will pay Jarrell as General Manager an initial annual salary of \$155,000.00, earned and payable in installments every two weeks in accordance with RSA's customary payroll schedule, and subject to all withholding required under federal and state law.

B. Annual Performance Review. No later than 30 days prior to each anniversary of the Employment Date, the Board will conduct a formal written review of Jarrell's performance during that contract year. The review will be based upon the survey form attached hereto as Exhibit A.

C. Salary Increases and Bonuses. The Board may grant an increase to the then-current salary and/or a lump-sum performance bonus for achievement of strategic objectives, extraordinary leadership, or cost-of-living adjustments. The increase or lump-sum bonus will be effective on the anniversary of the Employment Date that concludes the contract year for which the review was performed.

D. Unilateral Reductions. A material reduction in Jarrell's salary or benefits by the Board without written consent by Jarrell will constitute good reason for Jarrell to terminate employment, which will be treated as a termination without cause under Section V.B, provided that: (i) Jarrell provides written notice to the Board of the material reduction within 90 days of its initial occurrence; (ii) the Board fails to cure such material reduction within 60 days following receipt of such notice; and (iii) Jarrell's termination of employment occurs within 240 days following the initial existence of the material reduction.

SECTION IV LEAVE AND BENEFITS

A. Annual Leave. Jarrell will accrue annual leave in accordance with RSA's Annual Leave policy applicable to all employees, except that for purposes of determining his accrual rate, Jarrell will be treated as a 20-year employee. Jarrell will schedule and take annual leave with the notification and concurrence of the Board Chair.

B. Sick Leave. Jarrell will accrue sick leave in accordance with RSA's Sick Leave policy applicable to all employees.

C. Annual Leave and Sick Leave Payout. Upon the Employment Date, RSA will pay out Jarrell's previously accrued annual leave and up to 250 hours of previously accrued sick leave, calculated at Jarrell's hourly rate as Assistant General Manager. Jarrell's annual leave and sick leave balances will be zeroed out following the payout,

and Jarrell will begin accruing annual leave and sick leave on the Employment Date in accordance with Sections IV.A and IV.B.

D. Catastrophic Medical Leave Bank. On the Employment Date, RSA will establish a catastrophic medical leave bank ("CMLB") for Jarrell's benefit, credited with 280 hours. The CMLB will be available to Jarrell solely for use during prolonged medical absences. The CMLB at all times will remain separate from Jarrell's sick leave accrual. Upon termination for any reason, Jarrell will not be paid for any unused leave in the CMLB.

E. Vehicle. RSA will provide a vehicle to be used only by Jarrell, and only for official RSA business, which will include reasonable commuting by Jarrell. If the vehicle is used for commuting, Jarrell will be solely responsible for any resulting personal tax consequences arising from use of the vehicle for that purpose. RSA will be responsible for maintenance, insurance, fuel, and other operating costs associated with Jarrell's use of the vehicle for RSA business purposes.

F. Professional Development and Travel. RSA will pay Jarrell's (i) professional dues and reasonable expenses for membership and participation in state and national utility associations, and required continuing education, (ii) operator license renewal fees, and (iii) reasonable travel and subsistence expenses for attending professional meetings, seminars, conferences, and/or professional development and leadership programs.

G. Academic Advancement and Tuition Assistance. RSA will reimburse Jarrell for tuition, mandatory institutional fees, and required textbooks and course materials actually incurred in connection with his enrollment, within two years of the Employment Date, in a Master of Public Administration program, or a substantially equivalent graduate-level degree program or executive certification program. For Jarrell to qualify for such reimbursement as a working condition fringe benefit, the program must bear a direct and substantial relationship to his duties and professional development as General Manager. Reimbursement will not exceed \$10,000 per RSA fiscal year. If reimbursement is less than \$10,000, the difference will not carry over to any subsequent fiscal year. Any reimbursement will cease upon the earlier of (i) the conferral of the program degree or certificate, or (ii) six years following Jarrell's enrollment in the program. If Jarrell voluntarily resigns or is terminated for cause, as set forth in Section V of this Agreement, within 12 months following the date on which Jarrell completes the program, or if he separates before completing the program, Jarrell will repay RSA the reimbursements made by RSA during the final year of the program or during the 12 months prior to his separation from employment with RSA if the program has not been completed.

H. Other Benefits. All provisions of RSA's policies, procedures, and plans related to health, dental, vision, life, workers' compensation, and disability insurance, holidays, Virginia Retirement System and any other retirement plan benefits and contributions, and other fringe benefits and working conditions as they now exist or may

hereafter be amended, will apply to Jarrell as they would to other RSA employees. Notwithstanding the foregoing, the Actuarial Value and Plan Design of the health, dental, and vision benefits provided to Jarrell shall remain substantially equivalent to or better than those in effect on the Employment Date. RSA shall pay 100% of the premiums for such insurance for Jarrell and his eligible dependents.

SECTION V TERMINATION AND SEVERANCE PAY

A. Voluntary Resignation by Jarrell. This Agreement may be terminated without cause by Jarrell giving written notice of termination to the Board at least 60 days prior to the date of termination set forth in the notice. Upon such termination, Jarrell will be paid his earned compensation and benefits for services rendered through the date of termination, including any leave payments due under this Agreement, and no additional amounts.

B. Termination by the Board without Cause. The Board reserves the right to terminate this Agreement without cause and pay Jarrell his earned compensation and benefits, including any leave payments due under this Agreement, through the date of termination. The Board will give Jarrell 60 days' notice of termination without cause. If the Board exercises this right, RSA will pay Jarrell, in addition to his earned compensation and benefits, including any leave payments due under this Agreement, through the date of termination, severance pay in the amount equivalent to six months of his then-current annual salary, which will be paid in equal installments every two weeks in accordance with RSA's customary payroll schedule. RSA also agrees to continue Jarrell's health, dental, vision, and life insurance benefits for six months following the date of termination.

C. For Cause. The Board may terminate this Agreement for cause, immediately and without prior notice for cause, if the Board reasonably determines that Jarrell has:

1. Engaged in embezzlement or other misappropriation of any funds or other property of RSA.
2. Been convicted of a felony.
3. Been convicted of a misdemeanor that adversely affects Jarrell's ability to carry out his duties as General Manager.
4. Engaged in unlawful harassment or discrimination on the basis of race, sex, pregnancy, childbirth, or related medical conditions, sexual orientation, gender identity, religion, color, national origin, age, disability, military or veteran status, or marital status against any employee, contractor or customer of RSA.
5. Engaged in deliberate and willful fraud which causes damage to RSA.

6. Engaged in willful misconduct resulting in material harm to RSA.
7. Acted, or failed to act, in a manner constituting gross negligence, resulting in material harm to RSA.
8. Engaged in any action or conduct substantially and demonstrably detrimental to RSA, and such action or conduct continues for 14 days after RSA provides Jarrell with detailed written notice specifically identifying the action or conduct, the material injury caused, and the specific corrective action required to cure the deficiency.

D. Termination upon Total Disability. This Agreement will terminate if Jarrell becomes disabled and is unable to perform the essential functions of General Manager. Such a termination will only occur after a determination is made in accordance with provisions of the Americans with Disabilities Act that no reasonable accommodation exists to allow Jarrell to continue to perform the essential functions of General Manager.

E. Termination upon Death. This Agreement will terminate upon the death of Jarrell, and RSA will pay any funds due to Jarrell under this Agreement to his administrators, executors, trustees, and/or beneficiaries designated in writing.

SECTION VI GENERAL PROVISIONS

A. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, whether oral or written, between the parties. The parties acknowledge that they have not relied on any representations, covenants, or warranties that are not expressly set forth in this Agreement.

B. This Agreement may be amended only with a writing signed by both parties.

C. The provisions of this Agreement will be construed simply according to their fair meaning and not strictly against the party who drafted them.

D. The failure of either party to enforce any provision of this Agreement or to exercise any right or remedy provided herein will not be construed as a waiver of such provision, right, or remedy, unless in writing and signed by the waiving party, and no such waiver will constitute a waiver of any subsequent breach of the same or any other provision.

E. If any provision, or any portion thereof, in this Agreement is held to be unconstitutional, invalid, or otherwise unenforceable, the remainder of this Agreement will be deemed severable, will not be affected, and will remain in full force and effect.

F. This Agreement is personal to Jarrell and may not be assigned by him.

G. In the event of any dispute, claim, or legal action arising out of or related to this Agreement, the prevailing party will be entitled to recover its reasonable attorney fees, court costs, and other legal expenses incurred in connection with such dispute, claim, or legal action, whether incurred before or after the commencement of formal legal proceedings.

H. This Agreement is governed by the laws of the Commonwealth of Virginia without regard to its conflict of laws principles. Any legal action or proceeding arising under or in connection with this Agreement will be brought exclusively in the federal or state courts having jurisdiction in Orange County, Virginia, and the parties hereby consent to the personal jurisdiction and venue of such courts.

I. This Agreement may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. Electronic copies of the executed Agreement will be deemed originals.

[Execution Page follows]

EMPLOYMENT AGREEMENT
RSA GENERAL MANAGER
Execution Page

DAVID JARRELL

RAPIDAN SERVICE AUTHORITY

Execution Date: _____

By: _____
R. Mark Johnson, Chairman
Execution Date: _____

Performance Review for General Manager

Survey Form for Board Members

Period under review:

Signed: _____ Name: _____ Title: _____

Definitions:

- **Outstanding:** Performance over a sustained period of time clearly and consistently exceeds expectations and is outstanding. Both results and how they are achieved are outstanding.
- **Very good:** Performance clearly meets and sometimes exceeds job requirements and significant contributions are made well beyond job demands.
- **Fine:** Solid and occasionally impressive performance.
- **Improvement needed:** Performance is frequently unsatisfactory
- **I don't know:** Insufficient information to respond.

All members of the Board should complete this form and submit to the Chairman. The General Manager should complete the form and bring to the discussion with the GM performance review committee (alternatively: send to the review committee in advance of the meeting). The Chairman will prepare a final, consolidated survey to represent the Board's appraisal.

Exhibit A

1. Overall Organizational Performance	
a. Works with the board and management staff to develop strategies for achieving mission, goals and financial viability.	Outstanding Very Good Fine Improvement Needed Don't know
b. Appropriately provides both support and leadership to the board.	Outstanding Very Good Fine Improvement Needed Don't know
c. Demonstrates quality of analysis and judgment related to progress and opportunities, and needs for changes.	Outstanding Very Good Fine Improvement Needed Don't know
d. Maintains and utilizes a working knowledge of significant developments and trends in the field (examples: PFAS, emerging contaminants, etc.).	Outstanding Very Good Fine Improvement Needed Don't know
e. Builds respect and profile for the organization in its various constituencies. Supports the overall field/movement in which the organization works.	Outstanding Very Good Fine Improvement Needed Don't know
f. Establishes ambitious goals for excellence and impact and initiates, maintains, and adapts programs with excellence and impact.	Outstanding Very Good Fine Improvement Needed Don't know
g. Comments on overall organizational performance:	

Exhibit A

2. Community Leadership	
<p>a. Serves as an effective spokesperson. Represents the organization well to its constituencies, including customers, government agencies, elected officials, funders, and the general public.</p>	<p>Outstanding Very Good Fine Improvement Needed Don't know</p>
<p>b. Establishes and makes use of working relationships with organizations and individuals in the field.</p>	<p>Outstanding Very Good Fine Improvement Needed Don't know</p>
<p>c. Sees that communication vehicles are developed and utilized well.</p>	<p>Outstanding Very Good Fine Improvement Needed Don't know</p>
<p>d. Comments on community leadership:</p>	

Exhibit A

3. Administration and Human Resources	
a. Establishes and leads an effective management team.	Outstanding Very Good Fine Improvement Needed Don't know
b. Recruits and retains a diverse staff (as the organization has identified diversity).	Outstanding Very Good Fine Improvement Needed Don't know
c. Ensures compliance with relevant workplace and employment laws.	Outstanding Very Good Fine Improvement Needed Don't know
d. Sees that employees are licensed and credentialed as required.	Outstanding Very Good Fine Improvement Needed Don't know
e. Ensures that job descriptions are developed and that regular performance reviews are completed and documented.	Outstanding Very Good Fine Improvement Needed Don't know
f. Leads staff in maintaining a climate of excellence, accountability, and respect.	Outstanding Very Good Fine Improvement Needed Don't know
g. Comments on administration and HR:	

Exhibit A

4. Financial Sustainability and Mission Impact	
a. Assures adequate control and accounting of all funds, including maintaining sound financial practices.	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
b. Works with the staff and the board to prepare budgets, monitor progress, and initiate changes (to operations and/or to budgets) as appropriate.	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
c. Sees that official records and documents are retained; sees to compliance with federal state and local regulations (examples: FOIA, payroll withholding).	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
d. Develops realistic, ambitious plans for acquiring funds.	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
e. Jointly with the Chairman of the board, conducts official correspondence for the organization, and jointly with designated officers, executes legal documents appropriately.	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
f. Establishes positive relationships with institutional funders such as foundations, government agencies, corporations, and so forth.	<p>Outstanding Very Good Fine</p> <p>Improvement Needed Don't know</p>
g. Comments on financial sustainability and mission impact:	

Exhibit A

5. Board of Members	
a. With the board chair, appropriately involves the board members.	Outstanding Very Good Fine Improvement Needed Don't know
b. Provides appropriate leadership to the board.	Outstanding Very Good Fine Improvement Needed Don't know
c. Sees that board members are kept fully informed in a timely way on the condition of the organization and important factors influencing it.	Outstanding Very Good Fine Improvement Needed Don't know
d. Sees that any board committees are appropriately supported.	Outstanding Very Good Fine Improvement Needed Don't know
e. Works with the board officers to ensure that the board is effective as a body and that recruitment, involvement and departures of individual board members are effective.	Outstanding Very Good Fine Improvement Needed Don't know
f. Comments on the board:	

6. Are there additional comments you would like to make that are not within the above categories?

RAPIDAN SERVICE AUTHORITY
April-2026

Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Water & Sewer Revenue - Madison Co.	56,462	62,788	(6,326)	233,937	251,153	(17,216)
Water & Sewer Revenue - Orange Co.	771,009	824,773	(53,764)	3,156,091	3,299,093	(143,002)
Sale of Materials & Supplies	-	1,417	(1,417)	1,017	5,667	(4,650)
Engr & Maint Revenue	-	1,250	(1,250)	1,380	5,000	(3,620)
Service Fees	-	417	(417)	-	1,667	(1,667)
Misc. Income	26,452	30,724	(4,271)	84,653	122,894	(38,241)
Service Installations Revenue	-	13,667	(13,667)	32,700	54,667	(21,967)
Total Operating Income	853,924	935,035	(81,112)	3,509,777	3,740,140	(230,363)

Operating Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Purchased Water	62,655	58,772	(3,883)	232,331	235,087	2,757
Operating Labor	174,970	219,076	44,106	832,968	876,305	43,337
New Service Installations	12,900	7,500	(5,400)	28,710	30,000	1,290
Locations-Miss Utility	6,148	7,833	1,685	21,692	31,333	9,641
Engineering & Maintenance	175,288	154,429	(20,859)	668,220	617,716	(50,504)
Water Treatment Supp.	70,007	67,467	(2,540)	263,070	269,867	6,797
Utilities	81,057	82,417	1,360	365,102	329,667	(35,435)
Vehicle Expense	36,454	13,192	(23,262)	93,815	52,767	(41,048)
Testing	8,924	9,500	576	30,282	38,000	7,718
Biosolids Waste Mgmt	188	3,042	2,853	8,344	12,167	3,823
Miscellaneous	-	-	-	-	-	-
Total Operating Expenses	628,591	623,227	(5,364)	2,544,533	2,492,908	(51,625)

Gross Margin	225,333	311,808	(86,475)	965,244	1,247,232	(281,988)
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General & Admin Expenses	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Billing & Collection Exp	5,973	11,658	5,685	29,431	46,633	17,202
G & A Labor	76,042	101,732	25,690	349,645	406,928	57,283
Comp. Board of Members	596	667	71	2,382	2,667	284
Insurance Premiums	-	13,700	13,700	51,928	54,800	2,872
Bank & Credit Card Fees	853	858	5	3,225	3,433	208
Offices Expenses	20,166	21,296	1,130	108,459	85,183	(23,276)
Legal/Bond Fees	28,749	11,125	(17,624)	106,479	44,500	(61,979)
Water Regulatory Fees	4,578	3,875	(703)	9,156	15,500	6,344
Audit & Other Consulting	7,500	3,500	(4,000)	20,150	14,000	(6,150)
Total General & Admin Expenses	144,456	168,411	23,955	680,854	673,644	(7,210)

Net Operating Income	80,876	143,397	(62,521)	284,390	573,588	(289,199)
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Non-Operating Income	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Avail. - Water & Sewer - Madison Co.	-	-	-	-	-	-
Avail. - Water & Sewer - Orange Co.	-	-	340,000	700,000	-	700,000
Interest Earned	60,608	33,333	27,275	117,658	133,333	(42,949)
Gain Loss on Disposals of Property	600	-	-	600	-	-
Non Operating Revenue Cap Contr.	-	-	-	-	-	-
Insurance Recoveries	-	-	-	19,106	-	19,106
Total Non-Operating Income	61,208	33,333	367,275	837,364	133,333	676,157

Net Income Before Debt Service	142,084	176,730	304,754	1,121,754	706,921	414,832
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Debt Service	PTD Act	PTD Bud	Variance	YTD Act	YTD Bud	Variance
Debt Service	31,569	33,709	2,140	31,569	134,836	103,267

Net Income	110,515	143,022	(32,506)	1,090,185	572,085	518,099
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Operating Income	Apr-25	Apr-26	Variance
Water & Sewer Revenue - Madison Co.	53,026	56,462	3,436
Water & Sewer Revenue - Orange Co.	782,583	770,966	(11,617)