

A regular meeting of the Board of Members of Rapidan Service Authority was held on May 20, 2021 at the Orange County Airport, Orange, VA.

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

Present:	Members:	Coppage, Crozier, Frame, Martin, Williams, Jackson (in for Yowell)
	Staff:	G.M. Clemons, MFAS Gaskins, Program Manager Jarrell
	Attorney:	Terry Lynn
	Visitors:	Matthew Woodson, Chris Kulp, Sean Gregg, Media

Minutes of the March 18, 2021 meeting were approved on a motion by Coppage, seconded by Williams and passed unanimously.

A motion for Adoption of Agenda was made by Jackson, seconded by Crozier and passed unanimously.

RSA had received an unsolicited offer to purchase the Lydia Springs spring building site from an adjoining landowner. RSA has no future plans to place the spring system back into service. Staff had intended to defer discussion on this matter until a future meeting but Martin informed the Board that he had researched the matter and saw no reason on Greene county's part not to proceed with the disposal of the property. Martin stated that the sale price offered was consistent with Greene county's appraisal of the property. A motion to approve the sale was made by Martin, seconded by Williams and passed with the following vote: Coppage aye, Crozier aye, Frame aye, Martin aye, Williams aye, Jackson aye.

A motion to approve Resolutions of Appreciation for Steve Hoffman and Matthew Woodson for their service to RSA was made by Crozier, seconded by Coppage and passed with the following: Coppage aye, Crozier aye, Frame aye, Martin aye, Williams aye, Jackson aye. See a copy of the Resolutions attached to these minutes. Matthew Woodson was in attendance and expressed that it was a privilege and honor to serve the three counties and thanked the Board.

G.M. Clemons reported on current Capital Improvement Projects.

G.M. Clemons provided the financial statement through April 2021.

In response to the RSA Chairman's request, Attorney Lynn provided the RSA Board with an explanation of the steps that must be followed for Greene County to withdraw from RSA. The process is governed by Virginia Code §15.2-5112.

The first step of the process had been accomplished by Greene County's adoption of a resolution stating its desire to withdraw from RSA.

The second step in the process is unanimous consent amongst the other localities. At the time of the meeting, it appeared that both Orange and Madison had issued resolutions agreeing to the withdrawal and had agreed on the terms of a memorandum of understanding.

The third step is meeting VRA requirements and receiving VRA's consent to withdraw.

If VRA approves Greene County's withdrawal from RSA, then the fourth step in the process is Rapidan Service Authority's board must consent to the withdrawal by its own resolution agreeing to Greene County's withdrawal.

Upon RSA's issuance of a resolution agreeing to the withdrawal, the Orange, Madison and Greene Boards of Supervisors must advertise the resolution and hold a public hearing in accordance with the provisions of §15.2-5104.

After the public hearing, the resolution must be adopted by those same three (3) County Boards of Supervisors.

If the resolution is adopted by all three (3) boards, the Greene County Board of Supervisors must file an application with the State Corporation Commission (SCC) to withdraw from RSA. That withdrawal application must be executed by officers of Greene County as well as officers of the RSA Board.

The SCC must find that the withdrawal application meets all the requirements of law. If the application is approved by the SCC, Greene County then pays the necessary fees and charges. Once the fees and charges are paid, the SCC will file the approved application and will issue to Greene County a certificate of withdrawal. Attached to that certificate will be the approved application. Greene County's withdrawal will become effective upon the SCC issuing that certificate.

After explaining the entire process Attorney Lynn explained that once the memorandum of understanding was signed the next step in the process was satisfying the requirements of VRA. Attorney Lynn noted that this step was where the RSA Board needed to focus. Attorney Lynn presented the Board with a letter from VRA Executive Director Stephanie Hamlett, dated February 24, 2021, to Bill Martin, Greene County Board of Supervisor Chairman. (A copy of the letter is attached to these minutes.) This letter had been sent to Greene County during the time of the so-called "shareholder meetings." It however had apparently not been shared with the participants of those meetings. After giving the Board the opportunity to read the letter, Attorney Lynn explained that the letter had been provided to her by VRA and the burden was on Greene County to put together a package of information for VRA. Attorney Lynn then went through the process as outlined by VRA.

First, as noted by the letter, is that VRA is very adamant that Greene County must comply with the financing agreements and keep their loan payments up to date. Attorney Lynn noted that the Greene County Board of Supervisor Chairman had made representations and even wrote a letter to the editor making representations that Greene County could not make its bond payments. Attorney Lynn however noted that she had taken the depositions of both the treasurer and the finance director for Greene County and both of them testified under oath that there has not been any circumstance where there was risk of Greene County not making their bond payments. So, from their testimony Greene County's ability to make its bond payments did not appear to be an issue.

The second VRA requirement is for Greene County to present evidence showing its ability to "successfully" operate a water and wastewater system. In addition to being able to successfully operate those systems, Greene County must show that they can remain compliant with the necessary permits with DEQ, the Department of Health and any other regulatory body. Along with this step, Greene County must show its ability to staff the water and sewer assets. In order to show a successful plan, Greene County must present VRA with a plan for billing the water and sewer customers through the implementation of a billing software program and meter reading processes.

VRA requested a rate study which requires Greene County to do a current feasibility study showing the necessary rates, fees and charges necessary to support their water and sewer system operations and service their existing debt.

VRA also requested a viable financing plan that will cover at least five years of capital needs for the water and sewer system. Attorney Lynn noted that during depositions, the Greene Finance director testified that Greene County did not have a current plan to finance the water project or reservoir.

The last thing required by VRA is evidence of the permits being transferred.

Attorney Lynn indicated that the RSA Board needed to know what Greene County had done to satisfy the requirements of VRA. Attorney Lynn advised the Board that RSA should wait for Greene County to satisfy VRA's requirements for consideration to withdraw before doing anything further. She further advised the Board that VRA had pointed out that this was a costly process and Greene County should be footing the bill for any costs associated with its withdrawal. Attorney Lynn explained that once Greene puts together its package, RSA will have to respond with a similar package. RSA will have to have a new rate study and show that its 5-year CIP plan can be adequately funded by customers in Orange and Madison.

Martin responded that Greene had initially responded to VRA Executive Director Hamlett's letter regarding the April 1, payment. Chairman Frame requested a copy of that response to VRA. Board Member Coppage noted that since Greene had possessed the information from VRA for three months, what timeframe was needed for Greene to submit the package. Martin stated that Greene was still waiting for the signed Memorandum of Agreement (MOA) between Orange County and Madison County before doing anything further. Martin stated that as soon as Greene had a copy of the executed MOA, they would then begin the due diligence process, and it would take 6 months. Chairman Frame requested that Martin provide documents to the RSA Board as they are produced.

Chris Kulp, RSA's bond counsel with Hunton Andrews Kurth, advised the Board that VRA is looking at this from two standpoints: making sure as the lender for Greene debt, that whatever Greene does with respect to RSA will not adversely affect Greene's ability to repay that debt. Since VRA is the sole holder of RSA's debt, they want to make sure that the ultimate plan and the withdrawal does not adversely affect their ability to get a return - get payment, repayment of debt service of RSA's debt. RSA's Board in exercising its fiduciary duty and in protecting its customers will have to look at the proposal from Greene and respond to it. VRA has a specific role in making sure that the ultimate resolution reflects creditworthy entities on both sides.

Board Member Jackson conveyed the need for Greene to forward any information related to VRA back to the RSA Board, so the Board can be kept in the loop. Chairman Frame concurred in the need for Greene to provide items to the Board as they were produced. Coppage expressed concern with Greene not being forthcoming with a plan. Martin stated that Coppage was two steps ahead of Greene. Chairman Frame responded that the RSA Board would not take any action until Greene County revealed its plans.

Crozier made a motion to adjourn at 2:49 PM, Jackson seconded, and motion passed unanimously.

Chairman

