DANVILLE CITY COUNCIL REGULAR MEETING
REVISED AGENDA

MUNICIPAL BUILDING

April 16, 2019

7:00 P.M.

PRESIDING:	Alonzo L. Jones, Mayor	
CITY COUNCIL MEMBERS:	James B. Buckner L.G. "Larry" Campbell, Jr. Dr. Gary P. Miller Sherman M. Saunders	Fred O. Shanks, III Adam J. Tomer J. Lee Vogler, Jr., Vice Mayor Madison J. Whittle
STAFF:	Ken F. Larking, City Manager Earl B. Reynolds, Jr., Deputy City Manager	W. Clarke Whitfield, Jr., City Attorney Susan M. DeMasi, City Clerk

The City Council is the City of Danville's legislative body and is composed of nine Council members. Council members are elected to serve a four year term of office and elects one of its own to serve as Mayor and presiding officer for a two year term.

Time and Place of Meeting
The public is invited and encouraged to attend and participate in the City Council meetings. The City Council meets in the City Hall, Fourth Floor, Council Chambers at 7:00 p.m. on the first and third Tuesday of each month. All meetings of the Council are open to the public.

Communications from Visitors
Communication from Visitors is an opportunity for citizens to address Council on matters not on the agenda. Citizens who desire to speak on agenda items will be heard when the agenda item is considered. Each speaker shall clearly state his or her name and address. Each individual speaker shall have five uninterrupted minutes. A representative of a group may have up to ten uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

Guidelines for Public Hearings
For Public Hearings the applicant or his or her representative shall be the first speaker(s). There shall be a time limit of ten (10) minutes for the applicant's or his or her representative's presentation. The presiding officer shall then solicit comments from the public, asking those in favor of the proposal to speak first, and then those opposed to the proposal. Each speaker must clearly state his or her name and address. There shall be a time limit of three (3) minutes for each individual speaker. If the speaker represents a group, there shall be a time limit of five (5) minutes. A speaker representing a group shall identify the group at the beginning of his or her remarks. A group may have no more than one spokesperson. The presiding officer

may limit or preclude comment which is repetitive, redundant, cumulative, or irrelevant to the subject of the public hearing. After public comments have been received, in a land use case, the applicant or the representative of the applicant, at his or her discretion, may respond with a rebuttal. There shall be a five (5) minute time limit for rebuttal.

MEETING CALLED TO ORDER

ROLL CALL

INVOCATION - L.G. "Larry" Campbell, Jr.

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

Proclamation: National Telecommunicators Week
Presented to: Chief David Eagle

Proclamation: Make Danville Shine
Presented to: Norma Brower and Justina Megginson

Proclamation: Fair Housing Month
Presented to: Norma Brower

Certificate of Recognition
Danville Pittsylvania Cancer Association

COMMUNICATIONS FROM VISITORS

Citizens who desire to speak on matters not listed on the agenda will be heard at this time. Citizens who desire to speak on agenda items will be heard when the agenda item is considered.

CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine, have previously been discussed by City Council and/or introduced for First Reading. There will be no separate discussion on these items and they will be enacted by one motion. If discussion is desired by a Council Member or a citizen, the item(s) will be removed from the consent process and considered separately.

A. Public Hearing

B. Consideration of Approval of Minutes from Regular Council Meeting held on March 19, 2019. Council Letter Number CL - 2096.

C. Consideration of Amending the Fiscal Year 2019 Budget Appropriation Ordinance for VDOT Revenue Sharing Program Funds.
Council Letter Number CL - 2079.

1. An Ordinance Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on South Union Street and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of $350,000.00.
FINAL ADOPTION

2. An Ordinance Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on Main Street and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of $350,000.00.
FINAL ADOPTION

3. An Ordinance Amending the Fiscal Year 2019 Budget Appropriation Ordinance for a Project to be Undertaken within the City of Danville on Riverside Drive and to be Financed Anticipating Revenue Sharing Program Funds from the Virginia Department of Transportation in the Amount of $483,652.00.
FINAL ADOPTION

D. Consideration of Amending the FY 2019 Budget Appropriation Ordinance to Provide for State Aviation Capital Grant Funding and the Local Share, in the amount of $684,329.
Council Letter Number CL - 2083

An Ordinance Amending the Fiscal Year 2019 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Design Services to Update the Airport Layout Plan and to Support the Expansion of Hangar Facilities and the Walking Trail and for Construction Activities to Rehabilitate T-Hangar Taxi-Lanes in the Amount of $652,525 plus the Local Share in the Amount of $31,804 to be Provided by a Transfer from the General Fund Support of Special Grants and Appropriating Same.
FINAL ADOPTION

NEW BUSINESS

A. Consideration of Authorizing the City of Danville to Forgive a Loan to the Industrial Development Authority.
Council Letter Number CL - 2101

A Resolution Approving and Authorizing the City of Danville, Virginia to Forgive a Loan Previously Granted to the Industrial Development Authority of Danville, Virginia.

COMMUNICATIONS FROM:

A. City Manager

B. Deputy City Manager

C. City Attorney

D. City Clerk

E. Roll Call

ADJOURNMENT

Council Letter
City of Danville, Virginia

CL-2096 **Consent Agenda** **Item #: B.**

City Council Regular Meeting

Meeting Date: 04/16/2019

Subject: Consideration of Approval of Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 04/16/2019

SUMMARY

Consideration of Approval of Minutes from Regular Council Meeting held on March 19, 2019.
Council Letter Number CL - 2096

Attachments

Meeting Minutes

The Second Regular March meeting of the Danville City Council was held on March 19, 2019, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, L.G. “Larry” Campbell Jr., Mayor Alonzo L. Jones, Dr. Gary P. Miller, Fred O. Shanks, III, Vice Mayor J. Lee Vogler, Jr., Adam J. Tomer and Madison J.R. Whittle (8). Sherman M. Saunders was absent (1).

Staff Members present were: City Manager Ken F. Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

The Invocation was given by Fred O. Shanks, III, followed by the Pledge of Allegiance to the Flag.

ANNOUNCEMENTS AND SPECIAL RECOGNITIONS

Mayor Jones recognized Cameron Stephens, twelve year old student at Gibson Elementary, along with his parents, and Mr. Jay Jones, Principal of Gibson Elementary and Ms. Logan, teacher at Gibson Elementary. Mayor Jones read a Letter of Recognition to Cameron Stephens congratulating him on being chosen to participate in an elite soccer training camp in England. Cameron Stephens thanked everyone for the recognition.

Mayor Jones recognized Coach Jermaine Parker, and members of the GWHS Eagles Boys Basketball Team, and read a Certificate of Recognition for the Eagles winning the State Championship. Mayor Jones also noted Coach Parker has been named Coach of the Year.

Mayor Jones recognized Trina McLaughlin, Coach, and members of the Varsity Basketball Cheerleaders, and read a Certificate of Recognition as the 2018 Varsity Stomp and Tumble National Champions and the first Varsity Squad to win a National Cheer Title at GWHS.

Mayor Jones recognized Jonathan Fain, Athletic Director of George Washington High School.

Major Jones recognized the GWHS Junior Varsity Basketball Cheerleaders, and read a Certificate of Recognition for the Junior Varsity Squad, who are now the 2019 Junior Varsity Non-Stunt and Tumble National Champions.

After Comments from Coach McLaughlin, Coach Payne and Mr. Fain, who thanked Officer Sylvia Brooks for organizing the escorts for the Team, Mayor Jones also recognized Marc Aron for his coverage of the events. Council Members and Staff noted their congratulations to the Basketball Team and Cheerleaders.

Council recessed at 7:45 p.m.
Council reconvened at 7:58 p.m.

CONSENT AGENDA

Council Member Campbell **moved** for approval of the Consent Agenda:

<u>Minutes of Regular Council Meeting held on February 19, 2019. Draft copies of the minutes had been distributed prior to the meeting.</u>

<u>Consideration of Amending the FY 2019 Budget Appropriation Ordinance to Provide for a Grant from the Virginia Department of Emergency Management</u>

An Ordinance entitled, Ordinance No. 2019-03.02, presented by its First Reading on March 5, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance to Provide for a Grant from the Virginia Department of Emergency Management in an Amount of $56,347 for Equipment Upgrades to the Danville Regional Hazardous Materials Response Team, and Appropriating Same.

<u>Consideration of Amending the FY 2019 Budget Appropriation Ordinance for Recreation Enrichment Program Funds</u>

An Ordinance entitled Ordinance No. 2019-03.03, presented by its First Reading on March 5, 2019, Amending the Fiscal Year 2019 Budget Appropriation Ordinance to Provide for Funds in the Amount of $55,220 for a Recreation Enrichment Program and the Local In-Kind Share of $137,624 for a Total Appropriation of $192,844 and Appropriation of Same.

The Motion was **seconded** by Council Member Buckner and carried by the following vote:

VOTE:	8-0-1
AYE:	Buckner, Campbell, Jones, Miller, Shanks, Tomer, Vogler and Whittle (8)
NAY:	None
ABSENT:	Saunders (1)

<u>OLD BUSINESS</u>

<u>PUBLIC HEARING – CONSIDERATION OF DESIGNATION OF THE DNDC AS THE CITY'S OFFICIAL LAND BANK ENTITY</u>

Mayor Jones opened the floor for a Public Hearing. Notice of the Public Hearing was published in the *Danville Register & Bee* on March 5, 2019 and March 12, 2019.

Mayor Jones recognized Cherie Tamson, Danville, who commented on blight in the City and noted she was pleasantly surprised at changes in the Memorandum of Understanding for the Land Bank Entity. Ms. Tamson noted her concerns with the Land Bank Entity and requested that a timeline be added to the MOU for properties that have been moved into the Land Bank, questioned the savings to the City, and the areas of the City the DNDC has been working on.

Mayor Jones recognized Harold Garrison, Danville, who noted he attended the work session last week when Council discussed the Land Bank. The MOU took care of almost all his concerns, but he is still concerned about Section 5, Paragraph 1 that notes the City may convey eligible properties to the DNDC. Mr. Garrison questioned if the City is the only entity that can transfer land or can a private individual transfer land and if so, does the Land Bank have to accept it.

No one further desired to be heard and the Public Hearing was closed.

Vice Mayor Vogler **moved** for adoption of an Ordinance entitled:

ORDINANCE NO. 2019-03.04

DESIGNATING THE DANVILLE NEIGHBORHOOD DEVELOPMENT CORPORATION AS A LAND BANK ENTITY FOR THE PURPOSE OF ASSISTING THE CITY OF DANVILLE IN ADDRESSING VACANT, ABANDONED, AND TAX DELINQUENT PROPERTIES AND TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF AGREEMENT, AS AMENDED, SETTING THE TERMS AND CONDITIONS OF SUCH DESIGNATION.

The Motion was **seconded** by Council Member Buckner.

Council Member Shanks noted he had had severe reservations about the land bank ordinance; at the work session, he believes most of Council's concerns were eliminated. Ms. Tamson made some good comments and he would like to see some of those addressed by Mr. Reynolds or the City Manager. Sometimes, City Council has not had the oversite on some boards, like the IDA, and there were times when Council had concerns about issues that were going on. Creating the Transaction Board that includes three City Council Members, was one of his concerns. Mr. Shanks noted he did not see how there would be any savings; this is an opportunity for the properties to be maintained and hopefully put back out into the public sector, that was the goal. Ms. Tamson's question involving eligible properties, there is another section that allows for the Land Bank to accept other properties and grants.

Vice Mayor Vogler thanked Mr. Shanks for his comments and his efforts as well. Council has discussed this for about four years; the potential for this to be a great thing for the City is there. Without the Land Bank, the City has about 250 properties they have to maintain that are contributing nothing to the City's tax base, except the cost to maintain them. The Land Bank is designed to get properties back into the private sector, that is the goal of the Land Bank. To do nothing is costing the City money and this gives the City the option to do something; Mr. Vogler noted he also likes the changes to the MOU; it increases that accountability.

Mr. Shanks noted there were targeted neighborhoods; in the discussion in the work session the targeting of the neighborhoods was based on where there was the most blighted properties and the most concerns. He believes the neighborhoods were prioritized in a good manner and feels comfortable with the revisions that were made. Mr. Whittle noted before Council made changes to the Transaction Board, it was a bad deal for taxpayers. With a bit of oversight which the three Council Members will provide, it relieves much of his concerns. The Transaction Board will make a difference on how the properties are handled and the oversight will be better than it was before.

Mr. Larking noted this will be one of the tools in the City's tool belt. When major industries closed in Danville, people in the community left and there was an overabundance of homes that created the conditions that led to blight. Council decided the City needed to put a stop to it, invest money in a variety of means to deal with the blight and help turn the housing market around. The goal of staff is to make sure the housing market gets turned around to where people feel confident in the value of their homes, in reinvesting in their homes and know when they put money into those things, that investment will eventually reap an award.

Mr. Reynolds addressed Ms. Tamson's concerns, and Mr. Garrison's question on whether or not a property that is offered to the Land Bank, does the Land Bank have to accept it and the answer to that question is no; they are under no obligation to accept it. The target areas are the areas of the City where there is an overabundance of blight. In the MOU, it specifically states that the land bank program is being created to focus on eligible property, which is defined as properties that are vacant, abandoned, tax delinquent or declared unsafe or unfit for human habitation. The properties that the land bank program will try to get back in use and back on the tax rolls are properties in areas where there really isn't a market. It is going to take a great deal of creativity to assemble these properties in such a way that they become attractive for resale; that is where the land bank can be of assistance. A question was asked about the tax revenue; the Land Bank Entity Act that was passed by the General Assembly tried to envision the different options that communities would exercise in setting up a land bank program. They provided a number of different options, but the locality can pick and chose from those they felt were appropriate for their community. There are two other land banks that have been approved in Virginia since that legislation; he does not believe that either one of them, with respect to the option of retention of tax revenue, was granted that authority; neither will this one. Tax revenue that is generated from property that is sold, comes back to the City.

Mr. Shanks noted Mr. Reynolds addressed all the issues except the time issue; the City has so many properties that it really can't set a time limitation. Mr. Reynolds explained, in the land bank there are properties being held in trust by the DRHA. Once they begin to focus on the redevelopment potential of those properties, there will be a segment of them, simply because of geography, that are going to be very difficult to market to taxpayers. They may be able to redevelop them through the Neighborhood Development Corporation because the DNDC can get grants and other funds that are not available to property owners. Dr. Miller noted his concern was the lack of oversight, foundation money dries up, and the City keeps contributing and contributing; this is money they have no control over. Dr. Miller notes he thinks the Transaction Board appeased some of his concerns. The City has to turn things around, get more people coming here, more jobs and then there will be someone to buy these homes.

The **Motion** was carried by the following vote:

VOTE:	8-0-1
AYE:	Buckner, Campbell, Jones, Miller, Shanks, Tomer, Vogler and Whittle (8)
NAY:	None
ABSENT:	Saunders (1)

NEW BUSINESS

AUTHORIZING THE CITY TO ENTER INTO A PURCHASE POWER AGREEMENT WITH IRISH ROAD SOLAR LLC

Council Member Miller **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2019-03.01

AUTHORIZING AND APPROVING THE CITY OF DANVILLE, VIRGINIA TO ENTER INTO A PURCHASE POWER AGREEMENT FOR FIVE MEGAWATTS OF RENEWABLE SOLAR PEAKING GENERATION TO BE CONSTRUCTED WITHIN THE DANVILLE UTILITIES SERVICE TERRITORY.

The Motion was **seconded** by Council Member Buckner.

Council Member Shanks thanked Director of Utilities, Jason Grey, for what he is doing to help Danville Utilities develop sources of power within its power grid. Federal Tax rates have made it interesting for developers of solar power and have created an opportunity for the Danville Utilities' footprint to purchase power from solar farms such as Ringgold. The power the City is purchasing from solar plants like these, is only three cents per kilowatt hour and about one third the cost of the power the City is purchasing right now. Mr. Grey and Danville Utilities have been proactive; in the long term, the positive result from these will be seen.

Council Member Miller noted about twenty-eight cents on the dollar of the electric bill is the middle-man charge, the transmission charge for where it comes from. Even Appalachian Power is about twenty six cents; this is a big savings if the City can generate its own power with little or no transmission charge. In the next few years, he believes it will be a benefit and once all the solar farms are online, they may generate 21% of power that comes from renewables; that is more than the Governor wanted, which was 16% for communities. Dr. Miller noted it was a great job by Danville Utilities. Vice Mayor Vogler noted his agreement with Dr. Miller, Mr. Grey had pointed out, by the time these two projects come on-line, 21% of the City's energy will be coming from renewables. As Mr. Shanks pointed out, a goal Council stressed a few years ago when the City was having some issues, was find ways to get power generated on the City's side of the grid; that is what Mr. Grey and the Utility Commission have been working towards in the last few years. Mayor Jones recognized Director of Utilities Jason Grey and thanked him for his work.

The **Motion** was carried by the following vote:

VOTE:	8-0-1
AYE:	Buckner, Campbell, Jones, Miller, Shanks, Tomer, Vogler and Whittle (8)
NAY:	None
ABSENT:	Saunders (1)

AUTHORIZING THE CITY TO ENTER INTO A PURCHASE POWER AGREEMENT WITH WHITMELL SOLAR LLC

Council Member Buckner **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2019-03.02

AUTHORIZING AND APPROVING THE CITY OF DANVILLE, VIRGINIA TO ENTER INTO A PURCHASE POWER AGREEMENT FOR FIVE MEGAWATTS OF RENEWABLE SOLAR PEAKING GENERATION TO BE CONSTRUCTED WITHIN THE DANVILLE UTILITIES SERVICE TERRITORY.

The Motion was **seconded** by Council Member Shanks and carried by the following vote:

VOTE:	8-0-1
AYE:	Buckner, Campbell, Jones, Miller, Shanks, Tomer, Vogler and Whittle (8)
NAY:	None
ABSENT:	Saunders (1)

COMMUNICATIONS

There were no communications from the City Manager, Deputy City Manager, City Attorney or City Clerk.

ROLL CALL

Council Member Shanks noted he was pleased to see the audience at the Council meeting this evening; there were many success stories from so many different levels, from Elementary School up through Cheerleading and Boys Basketball, as well as the coaches and the parents. The 10th Annual Danville Pittsylvania Cancer Association Bridge2Bridge Run or Walk will be held on April 13th; this is a huge fundraiser that supports caring for cancer citizens in the community. Mr. Shanks would like for every member of City Council to challenge one of the members of the Board of Supervisors to participate in that walk. It would be an opportunity for Council to get out and support the Cancer association.

Vice Mayor Vogler thanked all the Council for their work tonight and what they do day in and day out; he was glad they were able to get the Land Bank through tonight. Mr. Vogler noted he also wanted to mention the Bridge2Bridge event on April 13th, *Showcase* is a sponsor this year, he looks forward to helping with that and will be participating. He hopes to see other Council members there, some Board of Supervisors and some School Board members. An initiative that he and Council Member Buckner started working on about a year ago, 100 Ways in 100 Days, ending up with over 100 ideas; that document is on line for people to look at. One idea was to allow City employees the option to take one hour from their work week to tutor or spend time with a Danville Public Schools student, and would like to discuss that further in work session with the City Manager.

Council Member Whittle noted the Land Bank Transaction Board was a good idea, it needed to be implemented and was glad to have the change made.

Council Member Buckner noted 100 Ways in 100 Days launched today with a lot of exciting suggestions. Mr. Buckner stated he was glad to see the Land Bank get started; when property values go up, everybody benefits.

Council Member Campbell noted they enjoyed all the young people in attendance tonight, it was a wonderful evening.

Council Member Miller noted he was very proud of Cameron Stephens, his ability playing soccer and going to London for a special camp. Dr. Miller commended Public Works for the new emergency road at Pinetag for when the train blocks the tracks, and is grateful for Council and Public Works for making that available. Dr. Miller noted the Mayor of Richmond has proposed a fifty cent tax on cigarettes in Richmond and to use the revenue for schools. Danville is one of the few cities that does not tax cigarettes and believes they need to do at least thirty cents and earmark it for public health.

Mayor Jones stated tonight was a very exciting night, and appreciates the students being engaged. One council member asked what more can Council do with education besides just money and Council Member Shanks alluded to it tonight, all the wonderful things they saw, from the parents to the young people, the relationship between City Council and the School board, the Superintendent, the City Manager, the PIO, and Anne Moore-Sparks is absolutely phenomenal; they have to continue to engage in the community. They touch the lives of the of these young people and parents tonight and those young people will go out and engage another young person. Coach Parker said, when he saw all of the police officers and Council Members and DPS staff, it encouraged and motivated those young people and hopes they can continue to do that.

The meeting adjourned at 8:45 p.m.

APPROVED:

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MAYOR

ATTEST:

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CITY CLERK

Council Letter
City of Danville, Virginia

CL-2079 **Consent Agenda Item #: C.**

City Council Regular Meeting

Meeting Date: 04/16/2019

Subject: Virginia Department of Transportation - Fiscal Year 2019 Revenue Sharing Program Allocations

From: Brian Dunevant, Assistant Public Works Director & City Engineer

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COUNCIL ACTION

First Reading: 04/02/2019
Final Adoption: 04/16/2019

SUMMARY

The Commonwealth Transportation Board approved allocations for the FY 2019 Revenue Sharing Program. The City of Danville received a total of $1,183,652 for the following projects:

$483,652 / UPC 113247 - Riverside Drive East Bound Lane Concrete Base Removal - Audubon Drive to Arnett Boulevard
$350,000 / UPC 113328 - 600 Block Main Street Improvements
$350,000 / UPC 113332 - South Union Street Improvements

These allocations need to be appropriated into the Capital Projects Fund account.

BACKGROUND

In October 2017, the City of Danville submitted Revenue Sharing Program applications to the Virginia Department of Transportation (VDOT) for three Fiscal Year 2019 projects. VDOT's Revenue Sharing Program provides localities with a funding source for transportation improvement projects. The program requires the locality to match the awarded allocations. The City's matching funds were previously appropriated in General Fund Capital Projects.

RECOMMENDATION

It is recommended that City Council adopt the three accompanying Ordinances Amending the FY 2019 Budget Appropriation Ordinance, to appropriate Revenue Sharing Program funds from the Virginia Department of Transportation in the total amount of $1,183,652.

Attachments

Ordinance
Ordinance
Ordinance

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2019-___.___

AN ORDINANCE AMENDING THE FISCAL YEAR 2019 BUDGET APPROPRIATION ORDINANCE FOR A PROJECT TO BE UNDERTAKEN WITHIN THE CITY OF DANVILLE ON SOUTH UNION STREET AND TO BE FINANCED ANTICIPATING REVENUE SHARING PROGRAM FUNDS FROM THE VIRGINIA DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF $350,000.00.

WHEREAS the City of Danville requested the Virginia Department of Transportation to allocate Revenue Sharing Program funds for a street improvement project in the City of Danville; and

WHEREAS the City of Danville has received notification from the Virginia Department of Transportation of a Revenue Sharing Program allocation in the amount of $350,000.00; and

WHEREAS these funds will be appropriated for UPC 113332 – River District South Union Street Improvements; and

WHEREAS previously approved and appropriated capital funds will be used to meet the city's obligations for the required local match.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2019 Budget Appropriation Ordinance be, and is hereby, amended by using anticipated Revenue Sharing Program fund revenues from the Virginia Department of Transportation in the amount of $350,000.00, and such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Capital Projects Fund UPC 113332 – River District S. Union St. Improvements	61398000-47465	$350,000.00

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Capital Projects Fund UPC 113332 - River District S. Union St. Improvements	61398999-50	$350,000.00

AND BE IT FURTHER ORDAINED that a flexible budget is hereby authorized whereby appropriations may be increased to the extent that actual revenues exceed the original revenue budget amount; and

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2019 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

APPROVED:

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MAYOR

ATTEST:

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CLERK

Approved as to
Form and Legal Sufficiency:

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City Attorney

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2019-___.___

AN ORDINANCE AMENDING THE FISCAL YEAR 2019 BUDGET APPROPRIATION ORDINANCE FOR A PROJECT TO BE UNDERTAKEN WITHIN THE CITY OF DANVILLE ON MAIN STREET AND TO BE FINANCED ANTICIPATING REVENUE SHARING PROGRAM FUNDS FROM THE VIRGINIA DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF $350,000.00.

WHEREAS the City of Danville requested the Virginia Department of Transportation to allocate Revenue Sharing Program funds for a street improvement project in the City of Danville; and

WHEREAS the City of Danville has received notification from the Virginia Department of Transportation of a Revenue Sharing Program allocation in the amount of $350,000.00; and

WHEREAS these funds will be appropriated for UPC 113328 – River District 600 Block Main Street Improvements; and

WHEREAS previously approved and appropriated capital funds will be used to meet the City's obligations for the required local match.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2019 Budget Appropriation Ordinance be, and is hereby, amended by using anticipated Revenue Sharing Program fund revenues from the Virginia Department of Transportation in the amount of $350,000.00, and such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Capital Projects Fund UPC 113328 – River District 600 Block Main Street Improvements	61476000-47465	$350,000.00

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Capital Projects Fund UPC 113328 - River District 600 Block Main Street Improvements	61476999-50	$350,000.00

AND BE IT FURTHER ORDAINED that a flexible budget is hereby authorized whereby appropriations may be increased to the extent that actual revenues exceed the original revenue budget amount; and

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2019 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

APPROVED:

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MAYOR

ATTEST:

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CLERK

Approved as to
Form and Legal Sufficiency:

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City Attorney

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2019-___.___

AN ORDINANCE AMENDING THE FISCAL YEAR 2019 BUDGET APPROPRIATION ORDINANCE FOR A PROJECT TO BE UNDERTAKEN WITHIN THE CITY OF DANVILLE ON RIVERSIDE DRIVE AND TO BE FINANCED ANTICIPATING REVENUE SHARING PROGRAM FUNDS FROM THE VIRGINIA DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF $483,652.00.

WHEREAS the City of Danville requested the Virginia Department of Transportation to allocate Revenue Sharing Program funds for a street improvement project in the City of Danville; and

WHEREAS the City of Danville has received notification from the Virginia Department of Transportation of a Revenue Sharing Program allocation in the amount of $483,652.00; and

WHEREAS these funds will be appropriated for UPC 113247 - Riverside Drive East Bound Lane Concrete Base Removal from Audubon Drive to Arnett Boulevard; and

WHEREAS previously approved and appropriated capital funds will be used to meet the City's obligations for the required local match.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2019 Budget Appropriation Ordinance be, and is hereby, amended by using anticipated Revenue Sharing Program fund revenues from the Virginia Department of Transportation in the amount of $483,652.00, and such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Capital Projects Fund UPC 113247 - Riverside Drive EBL Concrete Base Removal Audubon to Arnett	61475999-47465	$483,652.00

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Capital Projects Fund UPC 113247 - Riverside Drive EBL Concrete Base Removal Audubon to Arnett	47475999-50	$483,652.00

AND BE IT FURTHER ORDAINED that a flexible budget is hereby authorized whereby appropriations may be increased to the extent that actual revenues exceed the original revenue budget amount; and

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2019 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

APPROVED:

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MAYOR

ATTEST:

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CLERK

Approved as to
Form and Legal Sufficiency:

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City Attorney

Council Letter
City of Danville, Virginia

CL-2083 **Consent Agenda** **Item #: D.**

City Council Regular Meeting

Meeting Date: 04/16/2019

Subject: Airport Capital Grants

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

First Reading: 04/02/2019
Final Adoption: 04/16/2019

SUMMARY

The Virginia Department of Aviation administers an Airport Capital Grant Program that provides funding for design services and construction activities for capital projects; the maximum state participation for capital projects is eighty percent. The Virginia Department of Aviation and the Virginia Aviation Board has approved state funding for two airport projects which involves design services to widen a taxiway and develop an aircraft parking area to support future hangar development. The design services project will include activities to update the Airport Layout Plan which is required to construct airport facilities and other infrastructure improvements. In addition, the state has approved capital aid to rehabilitate taxi-lanes that provide access to the t-hangar buildings. This project was previously identified in the FY 2019 Capital and Special Projects Plan.

BACKGROUND

State capital grant requests for two different projects at the Danville Regional Airport have been approved for funding by the Virginia Department of Aviation and the Virginia Aviation Board. An approved design services project will support modifications of a taxiway located near the t-hangar buildings on the south side of the airfield and construction of an aircraft parking area for future corporate hangar and t-hangar building development. Presently, all hangars located at the airport are leased and a waiting list exists for t-hangars. Engineering services activities will also include updating the Airport Layout Plan to accommodate these proposed changes and plans to develop a walking trail along Airport Drive. In addition, the state approved capital funding to rehabilitate taxi-lanes that provide access to the t-hangar buildings. This pavement area is in poor condition and requires repaving. The rehabilitation project will involve pavement removal, milling, installation of base course, repaving and installation of airfield markings.

RECOMMENDATION

It is recommended that City Council approve an Ordinance Amending the Fiscal Year 2019 Budget Appropriation Ordinance to provide for State Aviation capital grant funding, and the local share and appropriating the same. The local share will be provided through the Support of Special Grants Fund.

Attachments

Ordinance

PRESENTED: ______________

ADOPTED: ______________

ORDINANCE NO. 2019-______-______

AN ORDINANCE AMENDING THE FISCAL YEAR 2019 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR ADDITIONAL STATE AVIATION FUNDING FOR THE PURPOSE OF COMPLETING DESIGN SERVICES TO UPDATE THE AIRPORT LAYOUT PLAN AND TO SUPPORT THE EXPANSION OF HANGAR FACILITIES AND THE WALKING TRAIL AND FOR CONSTRUCTION ACTIVITIES TO REHABILITATE T-HANGAR TAXI-LANES IN THE AMOUNT OF $652,525 PLUS THE LOCAL SHARE IN THE AMOUNT OF $31,804 TO BE PROVIDED BY A TRANSFER FROM THE GENERAL FUND SUPPORT OF SPECIAL GRANTS AND APPROPRIATING SAME.

WHEREAS, design services are required to update the Airport Layout Plan and to support hangar facility development including the expansion of the walking trail along Airport Drive; and

WHEREAS, the Virginia Department of Aviation determined the existing condition of taxi-lanes that provide access to the t-hangar buildings requires rehabilitation; and

WHEREAS, bond funds in the amount of $131,327 were provided in the Fiscal Year 2019 CSP and appropriated in the Fiscal Year 2018 Bond Appropriation Ordinance; and

WHEREAS, the design services project and taxi-lane rehabilitation project will be funded at eighty percent with state capital aid.

NOW THEREFORE BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2019 Budget Appropriation Ordinance be, and it is hereby, amended by increasing revenues for grants from the Virginia Department of Aviation in the amount of $652,525 and the local share in the amount of $31,804, such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.		Amount
Design Services Project – Update Airport Layout Plan and Widen Taxiway for hangar development			
State Aviation Funds	31477000-45712		$127,040
Transfer from Support of Grants Fund	31477000-6101		31,760
		SUB TOTAL	$158,800
Rehabilitate Taxi-lanes (Construction)			
State Aviation Funds	61109001-45712		$525,485
Transfer from Support of Grants Fund	61109001-6101		44
		SUB TOTAL	$525,529
		GRAND TOTAL	$684,329

ANTICIPATED EXPENDITURES

Description	Account No.		Amount
Design Services Project	31477999-50		$158,800
Rehabilitate Taxi-lanes	61109999-50		$525,529
		GRAND TOTAL	$684,329

AND BE IT FURTHER ORDAINED that all other accounts and provisions of the Fiscal Year 2019 Budget Appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until hereafter further amended or repealed.

APPROVED:

____
MAYOR

ATTEST:

____
CLERK

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Council Letter
City of Danville, Virginia

CL-2101 **New Business Item #: A.**

City Council Regular Meeting

Meeting Date: 04/16/2019

Subject: Telvista Loan Cancellation

From: Telly D. Tucker, Economic Development Director

COUNCIL ACTION

Business Meeting: 04/16/2019

SUMMARY

The Office of Economic Development has negotiated a potential sale of the building formerly occupied by Telvista to the PRA Group located in Virginia Beach, VA. To enable this sale to take place, it will be necessary for the City of Danville to forgive a loan currently outstanding at $911,512.85 to the Industrial Development Authority of Danville so that a lien on the real estate can be released and PRA can get a clear title to the property. To date, the IDA, through Televista's lease payments, has paid the City about $1.4 million in principal and interest.

BACKGROUND

During the time that the City of Danville was pursuing Telvista to have it establish a call center in Airside Industrial Park, it became necessary for the City to provide a 4% loan of $1.6 million to the company for the purchase of equipment and furnishings. This loan was originally intended to be obtained from the Virginia Small Business Financing Authority, but for timing reasons, Mr. Jerry Gwaltney, then City Manager of Danville, deemed it advisable to provide the necessary funding from the City through the IDA. This loan was processed through the Industrial Development Authority of Danville to comply fully with regulatory restrictions regarding such loans. Telvista did locate its facility in the Airside Industrial Park in Danville, and it operated in that facility for well over a decade. Telvista deemed it necessary, for business reasons, to close its operation in Danville during calendar year 2018, and it negotiated a deal to abandon its lease with the IDA. This arrangement included a cash payment to the IDA in the amount of $384,018 plus remaining furnishings, IT infrastructure, power generator, furniture, etc., to be left in place and conveyed to the IDA. The IDA still owns the property, and it still carries an active mortgage on the real estate. It was in the best interest of the City to negotiate a sale of the real estate to the PRA Group from Virginia Beach, VA, and that company will purchase the property, invest an estimated $15.1 million in its up fit, furnishings, and equipment, and employ 500 persons in a major debt collection service. PRA's anticipated weighted average annual wages are just over $38,400 per person. Staff strongly endorses the incentives necessary to locate this very attractive business in Danville.

RECOMMENDATION

Staff recommends that Council approve a resolution forgiving principal and interest for a loan to the Industrial Development Authority of Danville in the amount of $911,512.85. Further, Council should authorize the City Manager to vacate a recorded lien on the property known as 119 Cane Creek Blvd., Parcel ID 77074, which provides collateral for said loan.

Attachments

Resolution

Telvista Lease

Telvista First Lease Amendment

Telvista Second Lease Amendment

Telvista Loan Background

PRESENTED: ____________________

ADOPTED: ______________________

RESOLUTION NO. 2019-____.____

A RESOLUTION APPROVING AND AUTHORIZING THE CITY OF DANVILLE, VIRGINIA TO FORGIVE A LOAN PREVIOUSLY GRANTED TO THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA.

WHEREAS, the City appropriated One Million Dollars Six Hundred Thousand Dollars ($1,600,000.00) to the Industrial Development Authority of Danville, Virginia (IDA) to assist in the up fit and purchase of equipment and furnishings for the Telvista Facility located 119 Cane Creek Boulevard in Airside Industrial Park, which property is owned by the IDA; and

WHEREAS, the these funds were used to purchase equipment and furnishings; and

WHEREAS, Telvista deemed it necessary to cease operation in Danville Airside Industrial Park; and

WHEREAS, Telvista and the IDA negotiated an arrangement where Telvista paid the IDA a cash settlement in lieu of rent in the amount of $384,018.00 and conveyed the equipment and furnishings to the IDA at the time it vacated the building; and

WHEREAS, the IDA has now negotiated a sale of the facility located at 119 Cane Creek Boulevard in Airside Industrial Park to the PRA Group, which has committed to employee 500 people in the facility with an average annual wage of over $38,400.00 and $15,050,000.00 in taxable capital investment; and

WHEREAS, to date, the IDA has repaid the City $1,430,472.69 of the original One Million Dollars Six Hundred Thousand Dollars ($1,600,000.00) of which amount $741,985.54 was applied to interest and $688,487.15 was applied to the principal.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Danville, Virginia, that it does hereby agree to forgive the remainder of the loan balance of $916,901.90; and

BE IT FURTHER RESOLVED that the City Manager, Kenneth F. Larking, be, and is hereby, authorized to release a recorded lien on the property identified as 119 Cane Creek Boulevard, Parcel ID 77074 located in Airside Industrial Park; and

BE IT FINALLY RESOLVED that the City Manager, Kenneth F. Larking, be, and he is hereby authorized, to execute on behalf of the City any and all documents as may be necessary to complete the above referenced transaction.

APPROVED:

____
MAYOR

ATTEST:

____
CITY CLERK

Approved as to
Form and Legal Sufficiency:

____
City Attorney

City Clerk Contract No. 10572

LEASE

BY AND BETWEEN

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, a

POLITICAL SUBDIVISION OF THE COMMONWEALTH OF VIRGINIA,

AS LANDLORD

AND

TELVISTA, INC., a DELAWARE CORPORATION

EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE

AS TENANT

TABLE OF CONTENTS

LEASE

THIS LEASE ("Lease") is entered into and effective as of March 23, 2004, (the "Effective Date"), between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE** a political subdivision of the Commonwealth of Virginia ("Landlord"), and **TELVISTA, INC.**, a corporation existing under the laws of the State of Delaware ("Tenant").

RECITALS:

This Lease is made with reference to the following facts:

A. Landlord owns certain real property (the "Land") located in the City of Danville Virginia, more particularly described on Exhibit A.

B. Landlord is a public entity with the purpose of assisting and fostering the economic development of The City of Danville. To this end Landlord has agreed to procure financing or funds in the maximum principal amount to be approved by Landlord and Tenant (the "Project Financing Amount") as follows:

(1) Up to an amount to be approved by Landlord and Tenant from American National Bank and Trust Company, a national banking association ("ANB"), its successors, assigns or participants (the "ANB Loan");

(2) One Million Six Hundred Thousand and No/100 Dollars ($1,600,000.00) from Virginia Small Business Financing Authority, a public body corporate and political subdivision of the Commonwealth of Virginia ("VSBFA"); (the "VSBFA Loan");

ANB, and VSBFA may loan such amounts based partially upon having obtained a mortgage encumbering the Property, any of the above mentioned entities that obtains such a mortgage shall hereafter be referred to as the ("Secured Parties"). Landlord and Tenant hereby approve the general terms for each of the ANB Loan and the VSBFA Loan set forth in Exhibit B attached hereto and incorporated herein for all purposes. In addition, Tenant shall have the right to approve the documentation evidencing each of the ANB Loan and the VSBFA Loan which approval shall not be unreasonably withheld or delayed.

In addition to the Project Financing Amount Tenant has secured the following technological enhancement grants (collectively, the "Grant Amount"):

(1) $200,000.00 grant from the Governor's Opportunity Fund;

(2) $300,000.00 grant from the Tobacco Indemnification and Community Revitalization Commission; and

(3) $400,000.00 grant from The Industrial Development Authority of Danville, Virginia.

C. From the Grant Amount and Project Financing Amount, the following costs and expenses shall be paid by Landlord:

(1) Actual construction costs pursuant to the construction contract, together with any costs of change orders or other change in the project construction approved by Landlord. The parties acknowledge that the construction contract shall be paid from the Grant Amount and the Project Financing Amount, and any change orders thereto shall be paid, as approved by Landlord and Tenant which approval may not be unreasonably withheld or delayed.

(2) Any costs associated with the development of the final construction plans and specifications, including, but not limited to, engineering and architectural fees, provided that Tenant has approved such costs which approval shall not be unreasonably withheld or delayed.

(3) Any survey costs, or any other costs incurred by Landlord in connection with the financing set forth in (c)(1) and (c)(2) above, including, but not limited to, any recording costs, appraisal costs, attorneys' fees, title insurance premiums, and associated costs, provided that Tenant has approved such costs, which approval may not be unreasonably withheld or delayed.

(5) All interest accruing on any loans made by the Secured Parties (as hereinafter defined) during the Construction Period (as hereinafter defined), and all payments of principal or other charges which may be due or payable from Landlord to one or more of the lenders under the ANB Loan and the VSBFA Loan prior to the date that Base Rent (as hereafter defined) is payable by Tenant pursuant to Section 3.2 of this Lease.

(6) The amount of $130,000.00 which shall be paid from the Grant Amount to Landlord to partially reimburse Landlord for the costs incurred by Landlord in connection with the grading of the Land.

(7) Any other costs and expenses incurred by Tenant in connection with this transaction and which Tenant elects to be funded from the Grant Amount and/or the Project Financing Amount, including, without limitation, brokerage, attorney and other consultant fees and expenses.

D. Tenant shall, as a condition of Tenant's receipt of the portions of the Grant Amount to be funded by the Governor's Opportunity Fund and the Tobacco Indemnification and Community Revitalization Commission, enter into that certain Grant Agreement with the

City of Danville (the "Grant Agreement"). Tenant hereby agrees to timely meet the investment requirements under the Grant Agreement from Tenant's own sources of funds independent of the Project Financing Amount and the Grant Amount.

E. Tenant shall construct, on the terms set forth in the Construction Agreement (as hereinafter defined), an office building (the "Building") together with all related improvements required to be made by Landlord (the "Landlord Improvements") as described in a Construction Agreement substantially in the form attached hereto as Exhibit D and incorporated herein for all purposes, which addresses among other things, Tenant's obligation to construct the Building and the Landlord Improvements (the "Construction Agreement"). In addition to the Landlord Improvements, Tenant shall construct certain industry specific improvements (the "Tenant Improvements") such Tenant Improvements shall also be described in the Construction Agreement. The Building will be a structure containing approximately 62,000 square feet. The Landlord Improvements and the Tenant Improvements are collectively referred to hereafter as the "Improvements." The final plans and specifications for the Improvements shall be subject to the approval of Landlord and Tenant, which approval may not be unreasonably withheld or delayed. The Land, the Building and the Improvements are referred to collectively herein as the "Property." Landlord agrees to make progress payments to the contractor under the Construction Agreement no more frequently than once per month upon the approval by Landlord and Tenant of a draw request, which approval may not be unreasonably withheld or delayed and otherwise in accordance with the terms of the Construction Agreement. Landlord acknowledges and agrees that the terms of Construction Agreement shall include a guaranty agreement wherein Landlord shall guaranty all payments to the contractor, and the contractor shall agree to look solely to Landlord for such payments and hold Tenant harmless from any liability in connection therewith.

F. The "Premises" to be leased by Tenant shall consist of the Land, together with all Improvements located on the Land.

NOW THEREFORE, in consideration for the promises contained herein and other good and valuable consideration the receipt of which is herby acknowledged the parties agreed as follows:

ARTICLE 1 – AGREEMENT TO LEASE - DELIVERY OF GUARANTY

1.1 Agreement to Lease. Landlord shall lease to Tenant, and Tenant shall rent, hire and take of and from Landlord, for the Term and upon the terms, covenants and conditions set forth in this Lease, the Premises.

ARTICLE 2 – TERM

2.1 Commencement Date. The "Commencement Date" shall be the date of final completion of the Building and Improvements as described by the Construction Agreement and receipt by Landlord and Tenant of a Certificate of Occupancy covering the Building. No Base

Rent (as hereinafter defined) or other rent or charges of any kind or nature shall be payable by Tenant with respect to the Premises until the Commencement Date.

2.2 Delivery Date. On the Commencement Date Landlord shall deliver possession of the Premises to Tenant. All rents and fees described by this Lease shall commence on the Commencement Date.

2.3 Term. The initial term of this Lease shall begin as of the Commencement Date and shall end sixty (60) months after the Commencement Date. If the Lease is still in full force and effect, Tenant shall have the right to renew the lease for as many as two (2) new sixty (60) month renewal terms, provided written notice of the election to renew shall be received by Landlord not less than six (6) months prior to the expiration of the previous lease term. If said extension is duly exercised by Tenant, the Term of this Lease shall be automatically extended for an additional sixty (60) month period without requirement of any further instrument, upon all of the same terms, provisions and conditions set forth in this Lease. The initial term and any renewal terms shall be referred to collectively as the "Term" for the purposes of this Lease.

2.4 Memoranda. Landlord and Tenant each agree, upon the written request of the other, (a) to execute one or more memoranda setting forth the Commencement Date, the Term Expiration Date and the other dates referred to in this Article 2, and (b) to execute a short-form memorandum of this Lease for recording purposes, which shall be in the form of Exhibit E attached hereto.

ARTICLE 3 – CONSTRUCTION OF THE BUILDING AND RELATED IMPROVEMENTS

3.1 Construction Agreement. Tenant and Landlord shall complete the Improvements substantially in accordance with the terms, provisions and conditions set forth in the Construction Agreement.

ARTICLE 4 – RENT

4.1 Determination of Fixed Rent. Beginning on the Commencement Date, Tenant shall pay to Landlord a monthly rent (the "Base Rent") in an amount equal to the monthly installments payable by Landlord under each of ANB Loan and the VSBFA Loan, and Landlord covenants and agrees to apply the Base Rent received from Tenant hereunder to the payments due under each of the ANB Loan and the VSBFA Loan. Notwithstanding the foregoing, in the event Landlord borrows additional funds to pay for Building Repairs pursuant to Section 9.2.1 below, then the Base Rent shall be increased by an amount equal to the monthly debt service payable by Landlord under any such loan.

4.2 Payment of Base Rent. Tenant shall pay Base Rent, in advance, on the first day of each calendar month beginning on the date which is the Commencement Date. Landlord shall deliver to Tenant monthly an invoice on or before the first day of each month setting forth any other charges owed under the Lease. Base Rent, or any component thereof, for any period during the Term which is less than a full calendar month, as applicable, shall be a prorated portion of the Base Rent, based on the actual number of days in the month in question. Base Rent shall be paid in lawful money of the United States to Landlord at the address set forth in Section 25.4 of this Lease, or to any other person at any other place located in the United States as Landlord may designate to Tenant in writing, so long as Tenant shall be obligated to make payments only to a single person or entity. If Tenant is delinquent in any of its payment of rent under this Article beyond the cure period specified in Section 16.2.1 below, then the Landlord shall be entitled to all rights and charges as set forth in Article 16 of this Lease.

4.3 Lease Year. As used in this Lease, "Lease Year" means the period beginning on the Commencement Date and ending on the date twelve (12) months following the Commencement Date, and each consecutive twelve (12) month period thereafter during the Term.

ARTICLE 5 – INTENTIONALLY DELETED

ARTICLE 6 – USE

6.1 Permitted Use. Tenant may use the Premises for call center uses, for general office use, for any other uses related to call center or general office uses, together with related storage and warehousing, and for any other use permitted under applicable law. Landlord hereby represents and warrants to Tenant that the permitted use specified in the preceding sentence (i) complies with applicable law and governmental requirements, and (ii) complies with any restrictive covenants applicable to the Premises.

6.2 Compliance with Laws. Following the Commencement Date, and in connection with Tenant's specific use of the Premises as opposed to call center or general office uses, Tenant, at Tenant's sole cost and expense, promptly shall comply with all laws, statutes, permits, ordinances and governmental rules and regulations now in force or which hereafter may be in force, including, without limitation, The Americans with Disabilities Act of 1990, as amended (collectively, "Applicable Laws"), and with the requirements of the certificate of occupancy (or its equivalent) for the Premises relating to or affecting the condition, use or occupancy. Tenant shall be responsible for making alterations or improvements to Tenant's personal property or to any tenant improvements which were installed by Tenant. In addition, Tenant shall obtain all business licenses, permits and other approvals required for Tenant's operations and not specifically related to the physical structure of the Premises or the Property. Tenant shall throughout the term of this Lease promptly comply with all Applicable Laws with respect to the condition, use or occupancy of the Premises, the Building and all other Improvements. Landlord shall be solely responsible, at its sole cost and expense, for compliance with (i) any new laws, codes, ordinances and regulations or modifications to existing laws, codes and ordinances, enacted by the City of Danville subsequent to the effective date of this Lease, and (ii) any private restrictive covenants or modifications to existing restrictive covenants enacted subsequent to the effective date of this Lease. Finally, in the event there are alterations and improvements to the Building required under laws, codes or ordinances which are capital in nature as determined under generally accepted accounting principals consistently applied, and for which Landlord is not responsible hereunder, Tenant may either (i) require Landlord to borrow funds to pay for all or any portion of such alterations and improvements on terms reasonably acceptable to Landlord and Tenant, in which event the Base Rent shall be increased by an amount equal to the monthly debt service payable by Landlord under such loan(s), or (ii) make such repairs and improvements at Tenant's sole cost and expense.

6.3 Prohibition Against Waste. Tenant shall not cause, maintain or permit anything to be done in or about the Premises which would constitute a nuisance. Tenant shall not commit or allow to be committed any waste in or upon the Premises.

ARTICLE 7 – HAZARDOUS MATERIALS

7.1 Acts of Tenant. Provided Tenant complies with all applicable Environmental Laws, as defined below, Tenant may use, keep and store Hazardous Materials on the Premises. Tenant agrees that it shall comply, at its sole cost and expense, with all Environmental Laws governing the use, maintenance or storage of Hazardous Materials by Tenant on the Premises. Should any governmental authority having jurisdiction over the Premises require that a clean-up or remediation plan be prepared or that a clean-up or any other remediation action be undertaken because of the presence or use of, or any spills or discharges of Hazardous Materials at the Premises by Tenant, or its employees, agents or invitees, then Tenant, at Tenant's own expense, shall prepare and submit the required plans and financial assurances, and carry out the approved plans.

7.2 Landlord's Representations. Landlord represents to Tenant that, prior to the Effective Date, Landlord has delivered to Tenant copies of all environmental reports relating to the Premises and the other property which may be leased hereunder by Tenant that are in Landlord's possession or control. Landlord hereby further represents to the best of Landlord's knowledge, as of the Commencement Date (and except for Hazardous Materials used by Tenant or its employees, agents or invitees), there shall be no Hazardous Materials in, on, under, below or otherwise located on or about the Premises, the Building or the Land in violation of any applicable law.

7.3 Indemnification/Tenant. Tenant shall indemnify, defend and hold the Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses which arise during or after the Term as a result of any Hazardous Materials used or stored in the Premises by Tenant, its agents, employees or invitees. This indemnification of Landlord by Tenant includes, without limitation, costs, incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of any Hazardous Material present in the soil or ground water on or under the Land, or the Premises and all costs incurred to comply with the provisions of this Article 7.

7.4 Responsibility/Landlord. Landlord shall be solely responsible for and will protect Tenant against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses as a result of any Hazardous Materials existing prior to the Commencement Date (other than any contamination caused by Tenant, its agents, employees or invitees) and any contamination caused by Landlord, its agents, employees or invitees. This responsibility of Landlord includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of any Hazardous Material present in the soil or ground water on or under the Land, or the Premises and all costs incurred to comply with the provisions of this Article 7.

7.5 Trash and Refuse. Tenant shall keep any trash, garbage, waste or other refuse in sanitary containers and shall regularly remove the same from the Premises. Tenant shall keep all incinerators, containers or other equipment used for the storage or disposal of such matter in a clean and sanitary condition.

7.6 Hazardous Material Defined. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local or state governmental authority, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is defined as a hazardous waste or hazardous substance or similar term denoting a hazard to the environment under any applicable state or federal laws, rules or regulations ("Environmental Laws") governing the use, storage or disposal of such Hazardous Materials, including any substance (a) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. §1317j); (b) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903); or (c) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601).

7.7 Definitions. As used in this Article 7, the following terms have the following definitions:

"Agencies" means any federal, state, or local governmental authorities, agencies, or other administrative bodies with jurisdiction over Tenant or the Premises.

"Environmental Laws" means any federal, state, or local environmental, health, or safety-related laws, regulations, standards, court decisions, ordinances, rules, codes, orders, decrees, directives, guidelines, permits, or permit conditions, currently existing and as amended, enacted, issued, or adopted in the future that are or become applicable to Tenant or the Premises.

"Landlord's Parties" means Landlord's employees, agents, customers, visitors, invitees, licensees, contractors, designees, or subtenants.

"Tenant's Parties" means Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, designees, or subtenants.

ARTICLE 8 – TAX AND INSURANCE EXPENSES

8.1 Landlord's Tax and Insurance Expenses. Tenant shall pay to Landlord as rent, in addition to the Base Rent, all of the following expenses of Landlord in connection with the Premises during each Lease Year ("Landlord's Tax and Insurance Expenses"):

(a) Real Property Taxes shall be paid by Telvista pursuant to Virginia code section 58.1-3203 as amended.

(b) The costs of premium for insurance to be maintained by Landlord under Section 11.6; and

(c) The amount of all deductibles under all insurance policies of Landlord which are actually expended by Landlord, provided that such deductibles do not exceed $10,000.00 per occurrence.

8.2 Payment. Tenant shall pay to Landlord Landlord's Tax and Insurance Expenses within thirty (30) days after Landlord delivers to Tenant an invoice for same, which Landlord shall deliver to Tenant not earlier than sixty (60) days prior to such time any Landlord Operating Expenses are due and payable. All Landlord Operating Expenses payable under this Lease by Tenant shall be deemed "Additional Rent". In the event of Tenant's nonpayment of Additional Rent, Landlord shall have all the same rights and remedies as Landlord has for the nonpayment of Base Rent. The term "Rental" and "Rent" as used in this Lease shall mean Base Rent and Additional Rent. Tenant shall have no obligation to reimburse Landlord for any Landlord's Tax and Insurance Expenses for which Landlord fails to deliver an invoice to Tenant within three hundred sixty-five(365) days after the date the applicable Landlord's Tax and Insurance Expenses were incurred or otherwise accrued.

8.3 Landlord's Records. Landlord shall provide Tenant with copies of bills, cancelled checks or contracts relative to the Landlord's Tax and Insurance Expenses upon request. Landlord shall maintain accurate books and records for the Landlord's Tax and Insurance Expenses in accordance with generally accepted accounting principles consistently applied. Landlord shall maintain such books and records and keep copies of the actual paid bills, cancelled checks and copies of any applicable contracts for each year for the duration of the Term, as extended, and for three (3) years thereafter. The Landlord's Tax and Insurance Expenses and the books and records of Landlord, may be audited by Tenant or Tenant's authorized representative during normal business hours, upon reasonable prior notice to Landlord. If Tenant challenges Landlord's computations of Landlord's Tax and Insurance Expenses, Tenant shall give Landlord notice stating Tenant's objections. If Tenant's audit of the Landlord's Tax and Insurance Expenses indicates that Tenant was overcharged for Landlord's Tax and Insurance Expenses, Landlord shall promptly repay all such overpayments to Tenant. If Tenant's audit of the Landlord's Tax and Insurance Expenses indicates that Tenant was overcharged for Landlord's Tax and Insurance Expenses, by an amount which is greater than or equal to three percent (3%) of the amount which should have been paid by Tenant, Landlord shall promptly reimburse Tenant for all of Tenant's travel expenses and audit fees incurred for the audit. If there is a change in ownership of the Premises, Landlord agrees to give complete copies of all records affecting Landlord's Tax and Insurance Expenses to the subsequent owner.

8.4 Tenant's Right to Pay Taxes. Tenant shall have the right to pay directly the Real Property Taxes to the appropriate governmental authorities. Tenant shall give Landlord not less than thirty (30) days' notice of Tenant's election to pay the Real Estate Taxes directly. In such event, Tenant shall pay the Real Property Taxes prior to delinquency. (See Article 13).

8.5 Survival. The termination of this Lease shall not affect the obligations of Landlord and Tenant pursuant to this Section 8 which arose or accrued prior to such date of termination.

ARTICLE 9 – ALTERATIONS, MAINTENANCE AND REPAIRS

9.1 Alterations. Tenant shall not make any repairs, improvements, additions or modifications to the Premises (collectively, "Alterations"), except in accordance with the provisions of this Article 9.

9.1.1 "Major Alteration" means any Alteration which Tenant elects to make (and which Landlord is not otherwise required to make pursuant to the terms of this Lease) which materially alters the parking area on the Land exclusive of the Building, the exterior walls or skin of the Building, the foundation of the Building or the roof of the Building. A Major Alteration does not include improvements made by Landlord or Tenant and permitted under the Construction Agreement in connection with the original construction of the Improvements. Prior to commencing work on any Major Alteration, Tenant shall first submit to Landlord plans for the proposed Major Alteration and a written request that Landlord consent thereto, which consent shall not be unreasonably withheld or delayed. Landlord may withhold its consent to any such Alteration to the exterior of the Building structure, foundation or roof of the Building or the parking areas, if Landlord reasonably determines that such Alteration will be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property. Any failure of Landlord to deliver to Tenant Landlord's detailed written objection to any proposed Major Alteration within fifteen (15) business days of Landlord's receipt of Tenant's written request therefor shall be deemed to constitute Landlord's approval of same.

9.1.2 "Other Alteration" means any Alteration other than a Major Alteration. Tenant may make any other Alteration to the Premises without the consent of Landlord so long as the cost of such other Alteration is less than $250,000.00 and such Other Alteration will not be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property. Prior to commencing work on any Other Alteration costing $250,000.00 or more, Tenant shall first submit to Landlord plans for the proposed Other Alteration and a written request that Landlord consent thereto, which consent shall not be unreasonably withheld or delayed. Landlord may withhold its consent to any such Other Alteration to the exterior of the Building structure, foundation or roof of the Building or the parking areas, if Landlord reasonably determines that such Other Alteration will be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property.

9.1.3 Additional Requirements. With respect to any Alteration made by Tenant, Tenant shall comply with the following provisions:

(a) Construction of the Alteration shall not be commenced until ten (10) business days after Landlord has received notice from Tenant setting forth the date on which the intended construction will begin so that Landlord can post an appropriate notice of nonresponsibility.

(b) Tenant shall procure all applicable construction permits and authorizations required by law before commencement of construction of any Alterations.

(c) All Alterations shall be performed in a good and workmanlike manner and shall be completed with due diligence in accordance with all applicable Laws.

(d) During the period of any construction work by Tenant on the Premises, if requested by Landlord, Tenant shall procure, or cause Tenant's contractor to procure, at no expense to Landlord, builder's "all risk" insurance and worker's compensation insurance with an insurance company satisfying the requirements set forth in Section 11.5 below.

(e) Tenant shall not be required to provide any lien or completion bond or other form of bond or security, but Tenant hereby agrees that Tenant shall keep the Premises and the Property at all times free from any liens pursuant to Article 10 below.

(f) Tenant shall provide Landlord with "as-built" plans for any Major Alteration or Other Alteration costing in excess of $250,000.00 performed by Tenant.

9.1.4 Removal of Alterations, Restoration. With the exception of Tenant's Specialty Property (as defined below), any Alterations to the Premises shall remain on and be surrendered with the Premises and title thereto shall vest in Landlord upon expiration or termination of the Term, unless otherwise agreed by Landlord. All items of Tenant's Specialty Property are Tenant's property and shall remain Tenant's property at the expiration of the Term, unless otherwise so elected by Tenant. The term "Tenant's Specialty Property" means and includes the following: (a) all Tenant's trade fixtures and business fixtures; and (b) the following: (i) all moveable partitions which are not affixed to the Premises; (ii) any other furniture, fixtures, equipment, machinery and systems, provided that the foregoing items described in clauses (i)-(ii) above were made or installed by Tenant or paid for by Tenant and which can be removed from the Premises without material damage to the structure of the Building.

9.2 Maintenance and Repair.

9.2.1 Tenant's Repairs. Tenant, at its sole cost and expense, shall maintain and make all repairs required to keep the Premises in good condition, appearance and repair, ordinary wear and tear and casualty excepted, throughout the Term of this Lease. Tenant's repair obligations shall include, without limitation, (i) all repairs and replacements to the Building roof (including roof membrane), foundation, bearing walls, and structural components of the Building and the paved parking, loading, and driving areas ("Building Repairs"); provided such repairs are approved by Landlord which approval may not be unreasonably withheld or delayed, and further provided that any failure of Landlord to deliver to Tenant detailed written objections to any proposed Building Repairs within fifteen (15) business days of Landlord's receipt of Tenant's written request shall constitute Landlord's approval of same; (ii) all of Tenant's personal property and signs; (iii) the plate glass and windows of the Building, (iv) the electrical, utility lines, plumbing and sewage system and facilities; (v) the floor covering, wall covering and interior fixtures of the Premises; and (vi) the heating, ventilating and air conditioning equipment ("HVAC Equipment") serving the Premises. In addition, Tenant shall perform or cause others to perform regular maintenance on the elevators, elevator shafts and the central plant of the type of maintenance covered by a standard preventative maintenance contract. As part of its obligation, Tenant shall be solely responsible for the operation, repair, and maintenance of the Improvements, including, without limitation, the following:

(a) Parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, lighting facilities, building exteriors, fences and gates;

(b) Trash disposal, janitorial and security services;

(c) The cost of premium for the insurance policies to be maintained by Tenant under Section 11.5.

(d) The cost of water, sewer, gas, electricity and other utility services;

(e) Labor, salaries and applicable costs, materials, supplies and tools, used in maintaining and/or cleaning the Improvements;

In connection with any Building Repairs (as defined above), Tenant may either (i) require Landlord to borrow funds to pay for all or any portion of such Building Repairs on terms reasonably acceptable to Landlord and Tenant, in which event the Base Rent shall be increased by an amount equal to the monthly debt service payable by Landlord under such loan(s), or (ii) make such Building Repairs at Tenant's sole cost and expense.

9.3 Landlord's Warranties/Obligations. Landlord represents and warrants to Tenant as follows:

9.3.1 On the Commencement Date, Landlord shall deliver the Land to Tenant in full compliance with applicable laws and regulations.

9.3.2 Landlord shall, from time to time upon request of Tenant, execute such documents and instruments as Tenant may reasonably request to assign to Tenant all right, title and interest of Landlord in and to any warranties, guarantees and other contract rights with any contractors or subcontractors or consultants who have performed, or in the future will perform, work in connection with those portions of the Premises for which Tenant is responsible for the maintenance and repair. Landlord shall ensure that all contracts and subcontracts entered into by Landlord in connection with such Improvements shall permit the assignment of such warranties, guarantees and other rights to Tenant. If any such contracts or subcontracts are not assignable to Tenant, then, at Tenant's request, Landlord shall pursue in its own name any such warranty, guaranty or other right for the benefit of Tenant, so long as Tenant reimburses Landlord for Landlord's reasonable costs and expenses incurred in connection therewith.

ARTICLE 10 – LIENS

10.1 Payment of Liens. During the Term, Tenant shall pay for, or cause to be paid for, all labor done or materials furnished for any work of construction, repair, maintenance or alterations done by or for Tenant in, upon or about the Premises, and shall keep and hold the Land and all improvements placed thereon free, clear and harmless of, from and against all liens arising by reason of labor done or materials furnished in connection with any construction work Performed in, upon or about the Premises at the request or direction of Tenant, its employees or agents. Tenant shall indemnify, defend and hold Landlord harmless from and against all damages, costs and expenses, including attorneys' fees (collectively, "Damages") which might accrue or be incurred by reason of or on account of any such lien or claim.

10.2 Discharge of Liens. Tenant shall pay and fully discharge any such lien or claim within thirty (30) days after written notice from Landlord of the existence thereof unless within such period of Tenant has notified Landlord of Tenant's intention to contest such lien or claim, or has commenced a contest thereof, in which case Section 10.3 below shall apply.

10.3 Lien Contests. Tenant shall have the right to contest the correctness or validity of any such lien or claim subject to the indemnification provisions of Section 10.1 above.

10.4 Notice of Nonresponsibility. Landlord, at all reasonable times, shall upon reasonable notice to Tenant have, the right to go upon the Premises for the purpose of posting and keeping posted thereon such notices of nonresponsibility as Landlord deems necessary for protection of the Premises from materialmen's or mechanics' liens or other claims or liens of a similar nature.

ARTICLE 11 – EXCULPATION, INDEMNITY AND INSURANCE

11.1 Exculpation of Landlord. Landlord shall not be liable to Tenant and Tenant waives all claims against Landlord for any damage, injury, deterioration or loss to a person or property ("Damage") suffered by Tenant or Tenant's property from any cause except for any claim or Damage caused by any acts, omissions, neglect or fault of Landlord, its officers, agents, contractors, representatives or employees, and except for any claim or Damage caused by any default by Landlord under this Lease.

11.2 Exculpation of Tenant. Tenant shall not be liable to Landlord and Landlord waives all claims against Tenant for any Damage to Landlord or Landlord's property from any cause except for any claim or Damage caused by any acts, omissions, neglect or fault of Tenant, its officers, agents, contractors, representatives or employees, and except for any claim or Damage caused by any default by Tenant under this Lease.

11.3 Indemnity of Landlord. Tenant shall indemnify, defend and hold Landlord, its officers, directors, members, parents, affiliates, employees and representatives harmless from and against all claims or Damages caused by any acts, omissions, neglect or fault of Tenant, its officers, agents, contractors, representatives and employees. Tenant shall further indemnify, defend and hold Landlord harmless from all claims or Damages arising from any breach or default in the performance of any obligation to be performed by Tenant under the terms of this Lease, and from and against all costs, attorneys' fees, expenses and liabilities incurred as a result of or arising out of such claim or any action or proceeding brought thereon. In case any action or proceeding shall be brought against Landlord by reason of any claims covered by this indemnity, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably approved by Landlord. The provisions of this Section shall survive the expiration or sooner termination of this Lease with respect to claims or liabilities occurring or arising prior to such expiration or termination.

11.4 Responsibility to Tenant. Landlord shall be solely responsible for any claims made against Tenant, its officers, directors, members, parents, affiliates, employees and representatives arising from acts or omissions which are covered under Landlord's insurance policy described in Section 11.6.2 below, and upon notice from Tenant, shall defend the same at Landlord's expense by counsel reasonably approved by Tenant. The provisions of this Section shall survive the expiration or sooner termination of this Lease with respect to claims or liabilities occurring or arising prior to such expiration or termination.

11.5 Tenant's Insurance. At all times during the Term and any other period of occupancy, Tenant at its sole cost and expense, shall keep in full force and effect the following insurance which may be satisfied by coverage under one or more blanket policies covering multiple properties in which Tenant and/or any of its affiliates holds interests, directly or indirectly:

11.5.1 Statutory Worker's Compensation and Employers' Liability Insurance (with limits of $500,000.00 each accident) or provide evidence to Landlord that it has adequately self insured itself as to such matters as required by and pursuant to state law;

11.5.2 Standard form property insurance insuring against the perils of fire extended coverage, vandalism, malicious mischief, special extended all risk coverage and sprinkler leakage, as well as boiler and machinery insurance. This insurance policy shall be upon all property owned by Tenant for which Tenant is legally liable or which was installed at Tenant's expense (but not including the Building and the Tenant Improvements to be constructed pursuant to the Construction Agreement), and which is located in the Building including, without limitation, furniture, fittings, installations, fixtures, equipment and any other personal property, in an amount not less than the full replacement value thereof with an "agreed amount" or "stipulated value" endorsement.

11.5.3 Any combination of Commercial General Liability Insurance Policy (or an equivalent), Excess Liability Policy and/or Umbrella Liability Policy insuring Tenant against any liability arising out of the leasing, use, occupancy or maintenance of the Premises, such insurance shall be in the amount of One Million Dollars ($1,000,000) Combined Single Limit for injury to, or death of, one or more persons in an occurrence, and for damage to tangible property (including loss of use) in an occurrence with umbrella coverage of not less than Five Million Dollars ($5,000,000). The policy shall insure the hazards of the Premises and Tenant's operations thereon, and (i) shall name Landlord and any Secured Parties designated by Landlord as additional insureds, (ii) shall contain a cross liability provision and (iii) contain a provision that the insurance provided the Landlord hereunder shall be primary and non-contributing with any other insurance available to the Landlord but only with respect to the liabilities and indemnities assumed by Tenant as expressed elsewhere in this Article.

11.5.4 Tenant may elect to have reasonable deductibles in connection with the policies of insurance required to be maintained by Tenant under this Article 11. In addition, Tenant reserves the right to insure with blanket policies of insurance the liabilities and casualties specified above in this Article 11.

11.6 Landlord's Insurance. At all times during the Term, Landlord shall keep in full force and effect the following insurance (pursuant to section 8.1 above) which may be satisfied by coverage under one or more blanket policies covering multiple properties in which Landlord or its affiliates hold interests, directly or indirectly and which shall name Tenant as an additional insured:

11.6.1 Standard form property insurance insuring against the perils of fire, extended coverage, vandalism, malicious mischief, special extended all risk coverage and sprinkler leakage, as well as boiler and machinery insurance, including coverage for pressure vessels, air tanks, boilers, machinery, and pressure piping. This insurance policy shall be upon all Improvements, including the Building and any Tenant Improvements constructed pursuant to the Construction Agreement, in an amount not less than the full replacement value thereof with an "agreed amount" or "stipulated value" endorsement. Such policy shall name Landlord and any Secured Parties designated by Landlord as loss payees, as their respective interests may appear and the proceeds thereof shall be used in accordance with Article 12 below.

11.6.2 Any combination of Commercial General Liability Insurance Policy (or an equivalent), Excess Liability Policy and/or Umbrella Liability Policy insuring Landlord against any liability arising out of the leasing, use, occupancy or maintenance of the Property, such insurance shall be in the amount of not less than Three Million Dollars ($3,000,000) Combined Single Limit for injury to, or death of , one or more persons in an occurrence, and for damage to tangible property (including loss of use) in an occurrence.

11.7 Certificates of Insurance. All policies shall be written in a commercially reasonable form and shall be maintained with insurance companies holding a General Policyholder's Rate of "A" or better, and a financial rating of "VIII" or better, as set forth in the most current issue of Best's Key Rating Guide, and, with respect to Tenant's general liability insurance, shall require thirty (30) days advance written notice to Landlord of any cancellation or modification. Tenant shall deliver to Landlord prior to the time such general liability insurance is first required to be carried by Tenant under this Lease certificates of insurance ("Certificates") evidencing the above coverage with limits not less than those specified above and showing Landlord and Landlord's lender, if such lender so requires, as additional insureds but only with respect to the liabilities and indemnities assumed by Tenant elsewhere in this Article. Tenant, within fifteen (15) days of the expiration of such policies, shall furnish Landlord with renewals or "binders" thereof. Subject to the foregoing requirements, each party shall have the right to select the insurance provider for the insurance required to be maintained by such party.

11.8 Waiver of Subrogation. To the extent commercially available, all policies of insurance required hereunder or otherwise obtained by either party shall include a clause or endorsement waiving, on behalf of the insurer, any rights of subrogation against the other party. Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, directors, shareholders, partners, employees, agents and representatives of the other, on account of loss or Damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or Damage is insured against and recovery is obtained under any policy of insurance required to be carried by such waiving party pursuant to the provisions of this Lease (or any other policy of insurance carried by such waiving party), including any deductibles under these policies. Landlord and Tenant shall each give notice to their respective insurance carriers that the foregoing mutual wavier of subrogation is contained in this Lease.

11.9 Right to Procure Insurance. If either Tenant or Landlord fails or neglects to procure or maintain any insurance required to be carried in this Lease, pay the premiums thereof or renew the same, then in any of such events, the other party, at its option, may (but shall not be required to) obtain such insurance and pay the premium therefor only after fifteen (15) days written notice (or less notice if the policy might expire) to the party failing to maintain such required insurance. The cost thereof together with interest thereon at the rate of ten percent (10%) per annum shall become due and payable as additional rent to Landlord together with Tenant's next monthly installment of Base Rent if such failure or neglect is attributable to the Tenant, or become due and payable to Tenant if such failure is attributable to Landlord.

ARTICLE 12 – DAMAGE OR DESTRUCTION

12.1 Destruction. If, during the Term, the Improvements and or the Building are totally or partially destroyed, damaged or disfigured ("Destruction") by any cause whatsoever, whether from a risk covered by the insurance described in Article 11, from a risk not covered by such insurance, or any combination of such risks, Tenant shall promptly notify Landlord of such Damage or Destruction. Subject to the terms and conditions of this Article 12, Landlord shall be responsible for the repair, restoration and rehabilitation to the same condition prior to such Damage or Destruction ("Restore" or "Restoration") of any Damage to or Destruction of the Improvements; provided, however, Tenant shall also be responsible for the repair and Restoration of any personal property and any tenant improvements installed and paid for by Tenant.

12.2 Application of Insurance Proceeds. The insurance proceeds maintained by Landlord and Tenant with respect to the Improvements and the Building shall be applied to the Restoration of the Improvements.

12.2.1 If the total estimated costs of Restoration of Improvements (other than Tenant's personal property and improvements paid for by Tenant), shall exceed any amount of proceeds of insurance applicable thereto and available therefor, such excess shall be borne and paid solely by Tenant.

12.2.2 If the net proceeds of insurance applicable to the Improvements and Building exceed the total actual cost of Restoration, the balance remaining after payment of the cost of such Restoration to the Premises shall be paid to Tenant.

12.2.3 Base Rent and other charges under this Lease shall be equitably abated from the date of the occurrence of any Damage until such Damage is fully repaired or restored.

12.3 Right to Terminate. If the Premises are substantially Damaged (affecting fifty percent (50%) or more of the Rentable Area of the Premises) during the last eighteen (18) months of the Initial Term or during the last eighteen (18) months of the Lease Term, either party may terminate this Lease upon sixty (60) days written notice to the other party, in which event any insurance proceeds shall be paid to the parties in accordance with their respective interests. Notwithstanding the foregoing, if Landlord elects to terminate this Lease pursuant to the foregoing sentence, Tenant may cause such termination to be of no further force or effect by delivering to Landlord written notice of Tenant's election to exercise its option to extend the term of the Lease pursuant to Section 2.4 above, in which event Landlord shall be required to repair such Damage and the Lease shall continue in full force and effect.

ARTICLE 13 – TAXES

13.1 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in, on or about the Premises. When practicable, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. Landlord and Tenant acknowledge and agree that portions of Tenant's personal property taxes may be subject to abatements pursuant to abatement agreements by and between Tenant and various taxing authorities.

13.2 Real Property Taxes. From and after the Commencement Date, Tenant agrees to pay all Real Property Taxes levied upon the Land and the Premises before the later of (i) thirty (30) days following Tenant's receipt of the tax invoice, or (ii) the date such taxes would be delinquent. Landlord shall ensure that the Land will be assigned separate assessor parcel numbers and will not be assessed as part of any other real property owned by Landlord or other parties. "Real Property Taxes" means real estate taxes levied or assessed against the Premises and the Land as finally determined to be legally payable by legal proceedings after taking into account any available discount, excluding any interest or penalty for late payment. The term "Real Property Taxes" as used in the Agreement shall be deemed to exclude any transfer, gift, succession, mortgage, capital stock, corporation, income or profit taxes, or Landlord's gross profit tax, or any special assessment(s) for highway, street, or traffic control improvements, for sanitary or storm sewers, for utilities, or for other off-site improvements in connection with the development of the Premises where the work in connection with such off-site improvements shall have been commenced on or before the Lease Commencement Date, or for any income, franchise, corporate, personal property, capital levy, capital stock, gross receipts, excess profits, transfer, revenue, estate, inheritance, gift, devolution or succession tax payable by Landlord, or any other tax or assessment upon, or measured by, the rent payable by Tenant hereunder. If any tax or assessment may be paid in installments under applicable laws, only the current annual installment for such tax or assessment shall be included within the meaning of the term "Real Property Taxes." If Landlord shall actually receive a refund of real estate charges for any tax year in which Tenant has paid its proportionate share of real estate charges, Landlord shall refund Tenant's proportionate share of such refund to Tenant, and this provision shall survive termination of this Lease.

13.3 Contest of Taxes. Tenant, at its cost, shall have the same rights and standing of any taxpayer within the city of Danville to challenge the assessment of the Property.

ARTICLE 14 – UTILITIES

14.1 Installation. The utilities and services that Landlord is to incorporate into construction of the Premises are described in the Construction Agreement. Subject to the terms of Section 9.1 of this Lease, Tenant shall have the right to install at any time emergency power equipment servicing the Premises and Landlord shall cooperate with Tenant's installation, use and testing thereof.

14.2 Payment. Tenant shall make arrangements for and pay for all water, gas, power, electrical current, other utilities, heat and air conditioning used by or supplied to the Premises. Nothing in the foregoing sentence shall be construed to relieve Landlord of its obligations for the construction and maintenance of utility systems to the extent such construction is required pursuant to the terms of this Lease, provided that in the event of any interruption in utility services caused by the actions of Landlord or its agents, employees, contractors, the Base Rent and other charged under this Lease shall be equitably abated until such utility services are restored.

ARTICLE 15 – ASSIGNMENT AND SUBLETTING

15.1 Restrictions on Assignment. Except as provided elsewhere herein, Tenant shall neither voluntarily nor by operation of law assign, sell or otherwise transfer all or any part of Tenant's leasehold estate hereunder, without Landlord's prior written consent which may not be unreasonably withheld or delayed. Landlord hereby consents to an assignment to (i) an entity that is wholly owned by Tenant, (ii) an entity which acquires all or substantially all of the assets or stock of Tenant, or (iii) an entity resulting from a corporate restructuring of Tenant. Consent by Landlord to one or more assignments of this Lease shall not constitute a waiver of Landlord's right to require consent to any future assignment.

15.2 Tenant's Notice. Except as provided in Section 15.1 above, if Tenant desires at any time to assign this Lease, and if Landlord's consent thereto is required pursuant to Section 15.1, then Tenant first shall notify Landlord of its desire to do so and shall submit in writing to Landlord (i) the name and legal composition of the proposed assignee; (ii) the nature of the proposed assignee's business to be carried on in the Premises; and (iii) such reasonable business and financial information as Landlord may reasonably request concerning the proposed assignee. With respect to an assignment, the assignee must expressly assume all prospective obligations of Tenant under this Lease. Notwithstanding the assumption of the obligations of this Lease by the assignee, no assignment, even with the consent of Landlord, shall relieve Tenant of liability under this Lease. The obligations and liability of Tenant hereunder shall continue notwithstanding the fact that Landlord may accept rent and other performance from the assignee. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment.

15.3 Restrictions on Subletting. Tenant may sublease all or portions of the Premises from time to time with the consent of Landlord, which consent may not be unreasonably withheld or delayed, and Landlord shall give notice to Tenant of its consent or denial within fifteen (15) business days after receipt of reasonable information regarding the proposed sublessee. Any such sublease shall be subject to the terms and provisions of this Lease. Without Landlord's consent, Tenant may enter into license agreements with third party providers, to provide food or other services to Tenant's employees. No sublessee shall have a right to further sublet without Landlord's prior consent, such consent shall be in the sole discretion of the Landlord, and any assignment by a sublessee of the sublease shall be subject to Landlord's prior consent in the same manner as if Tenant were entering into a new sublease. No sublease, once consented to by Landlord shall be modified or terminated by Tenant without Landlord's prior consent, such consent not to be unreasonably withheld or delayed.

15.4 Failure to Comply. Any sale, assignment, mortgage or transfer of this Lease or subletting which does not comply with the provisions of this Section 15 shall be void.

ARTICLE 16 – DEFAULTS; REMEDIES

16.1 Late Payments. If any payment or amount due by Tenant is received more than five (5) business days after written notice to Tenant that such amount is due, such past due amount shall bear interest from the date it was due until paid, at a rate of ten percent (10%).

16.2 Events of Default by Tenant. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Tenant:

16.2.1 The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) business days after a written notice thereof from Landlord to Tenant.

16.2.2 The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than as described in section 16.2.1 hereof, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided further, that if the nature of Tenant's default is such that more than thirty (30) days is reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

16.2.3 The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises, or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days.

16.2.4 Notices given pursuant to this Section 16.2 shall specify the alleged default and the applicable Lease provisions and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time or vacate the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

16.3 Remedies of Landlord. Following any material default by Tenant as defined in Section 16.2 hereof which is not cured within the time set forth therein, and at any time thereafter, and without limiting Landlord's exercise of any right or remedy which Landlord may have in law or equity, Landlord shall have the right to: (i) with the consent of the Mortgagee(s), terminate this Lease after giving Tenant thirty (30) days written notice of its intention to do so and in accordance with any laws governing such termination, and Tenant shall then surrender the Premises to Landlord; or (ii) enter and take possession of the Premises, in accordance with any laws governing such repossession, and remove Tenant, with or without having terminated the Lease; and / or (iii) declare all the rents and fees due or that shall be due under this Lease accelerated, such acceleration shall cause all such amounts to be immediately due and payable by Tenant, less the fair market rental value of the Premises for the balance of the Term, with such amounts being discounted to present value using an interest factor of ten percent (10%) per annum. Landlord's exercise of any of its remedies or its receipt of Tenant's keys shall not be considered an acceptance or surrender of the Premises by Tenant. A surrender must be agreed to in writing and signed by both parties and the Mortgagee(s).

16.4 Landlord Defaults. If Landlord fails to perform any obligations under this Lease and such failure continues for a period of thirty (30) days following the date of Tenant's written notice to Landlord specifying such failure (or such longer period as may be reasonably necessary to cure such failure, as long as Landlord continues to exercise reasonable efforts to cure same) then in such event Tenant may, in addition to exercising any and all remedies available at law or in equity, perform such obligations on behalf of Landlord. If Landlord has not cured such default, Landlord will reimburse Tenant for all third party costs actually incurred by Tenant to cure such default, together with interest thereon at the rate of ten percent (10%) per annum. If Landlord fails to pay same within 30 days following the date of Tenant's notice specifying such costs and including copies of all relevant invoices therefor, then Tenant may offset same against the rent next becoming due thereafter. Tenant may act sooner in the event of an emergency involving imminent risk of death, personal injury or property damage as long as Tenant has first taken reasonable measures to notify Landlord, and once the emergency has come under control, permits Landlord to control any remaining corrective measures.

16.5 Remedies Cumulative; No Waiver. All rights, options and remedies of Landlord and Tenant contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and each party shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity (including injunctive relief), whether or not stated in this Lease. No waiver of any default of either party hereunder shall be implied from any acceptance of any rent or other payments due hereunder or any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of Landlord or Tenant to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary the consenting party's consent or approval to or of any subsequent similar acts by the other party.

ARTICLE 17 – CONDEMNATION

17.1 Definition. As used in this Article 17:

17.1.1 "Condemnation" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (b) a voluntary sale or transfer by Landlord to any condemnor, while legal proceedings for condemnation are pending.

17.1.2 "Date of Taking" means the date the condemnor has the right to possession of all or part of the Premises or any interest thereon being condemned.

17.1.3 "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation of the Land, any improvements thereon, any personal property or trade fixtures located at the Premises without regard for the person or entity entitled to recover or receive such award.

17.1.4 "Condemnor" means any public or quasi-public authority having the power of condemnation.

17.2 Taking. If, at any time prior to the expiration of the Term, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation. If the taking or condemnation results from the action of the City of Danville, then any award shall first be paid to Tenant for Tenant's relocation expenses, loss of goodwill, any improvements paid for or installed by Tenant, Tenant's personal property and equipment, and such other costs and losses incurred by Tenant and generally compensable to Tenant under the laws of the state where the Premises is located. After satisfaction of the payments to Tenant pursuant to the preceding sentence, the balance of any award shall be paid to Landlord. If the taking or condemnation does not result from the action the City of Danville, then any award shall first be applied to satisfy the indebtedness of Landlord to the Secured Parties. After satisfaction of the debt owned to the Secured Parties, the Tenant may recover an award for Tenant's relocation expenses, loss of goodwill, any improvements paid for or installed by Tenant (but not including any Tenant Improvements to the extent paid for by the Project Financing Amount and not reimbursed by Tenant), Tenant's personal property and equipment and, except as provided below, such other costs and losses incurred by Tenant and generally compensable to Tenant under the laws of the state where the Premises is located. Landlord shall be entitled to receive, subject to the rights of any mortgagee of the Property, the compensable value of Landlord's fee interest in the Property and such other compensation generally available to Landlord under the laws of the state where the Premises is located.

17.3 Entire Taking. If the entire Premises are taken by Condemnation, notwithstanding the foregoing, Tenant may elect to terminate this Lease as of the date of the taking by giving Landlord written notice of such election within sixty days after such taking.

17.4 Partial Taking. If part, but not all, of the Property shall be taken by Condemnation, this Lease shall terminate as to the part so taken and remain in effect as to the remainder not so taken. If part, but not all, of the Property is taken by Condemnation, effective as of the Date of Taking, the Base Rent then in effect shall be equitably abated in proportion to the area of the Premises and the Land subject to the taking. With respect to any partial Condemnation of the Property, if such partial Condemnation affects any Improvements, then Tenant, at its sole cost and expense, shall restore the Improvements to a condition as close as practical to the condition existing immediately prior to such Condemnation to the extent, but only to the extent of any award made in connection with such condemnation. In the event of a partial taking which will materially and detrimentally interfere with Tenant's use of the Premises, at Tenant's option, this Lease shall terminate effective upon the Date of Taking.

ARTICLE 18 – BROKERS

Landlord and Tenant each represent and warrant to the other that it has neither incurred nor is aware of any brokers', finders' or similar fees in connection with the origin, negotiation, execution or performance of this Lease, except for commissions payable to CB Richard Ellis ("Designated Broker"). Landlord shall pay all of the brokerage commissions and fees due all Designated Broker. If either party has dealt with any other real estate broker or agent or any other person in connection with the leasing of the Land or the Building, such party shall be solely responsible for the payment of any fee due such person, and such party shall indemnify, defend and hold the other party harmless from and against any liability with respect thereto, including attorneys' fees and costs.

ARTICLE 19 – RIGHT TO PURCHASE

Tenant shall have the right to purchase the Premises from Landlord at any time during the term of this Lease upon the delivery of written notice to Landlord (an "Election Notice") upon the following terms and conditions:

(a) the purchase price shall be the amount necessary to satisfy the amount owed to the Secured Parties by Landlord, plus the amount of $150,000.00 allocated to land acquisition;

(b) the closing shall occur within thirty (30) days following delivery of the Election Notice by Tenant to Landlord; and

(c) at closing, Landlord shall convey the Premises to Tenant by general warranty deed free and clear of any monetary liens or encumbrances.

ARTICLE 20 – SIGNS

Tenant shall have the right to place and maintain such sign or signs on or above the Building and on or about the Property as Tenant may elect; provided however, that such signs shall be subject to the requirements of all applicable laws. Tenant will have exclusive Building and monument signage rights and, at the option of Tenant, the Building shall be named after Tenant.

ARTICLE 21 – WARRANTIES

21.1 Title. Landlord warrants and represents to Tenant that Landlord has full authority to enter into this Lease. Prior to the date of this Lease, Landlord shall provide Tenant with a copy of an owner's policy of title insurance recently issued to Landlord showing that Landlord owns the Land, subject only to the Permitted Title Exceptions attached to this Lease as Exhibit G. Landlord hereby represents to Tenant that the information contained in said title insurance policy is true and correct as of the date of this Lease and the recordation of a memorandum thereof (provided the memorandum is recorded within sixty (60) days after the date this Lease is executed by Landlord and Tenant).

21.2 Public and Private Approvals and Entitlements. Landlord warrants and represents that it has obtained all public and private approvals and entitlements necessary to permit the development of the Improvements.

ARTICLE 22 – SURRENDER

22.1 Surrender of Lease Not Merger. A surrender of this Lease by Tenant, a cancellation of this Lease by mutual agreement between Landlord and Tenant, or a termination of this Lease for any reason shall require the consent of the Secured Parties and shall not automatically work a merger. Upon the expiration or earlier termination of the Term, Tenant shall surrender possession of the Premises to Landlord subject to the then outstanding indebtedness, if any, evidenced by the ANB Loan, the VSBFA Loan and any financing approved by Landlord and Tenant in accordance with Section 9.2.1 above.

22.2 Condition of Premises. Upon the expiration or earlier termination of the Term, Tenant shall surrender possession of the Premises to Landlord in reasonably good order, condition and repair, excepting reasonable wear and tear, and any damage or repair that Landlord is required to restore or repair pursuant to this Lease. In such event, Tenant, at its expense, shall promptly remove or cause to be removed from the Premises all debris, rubbish, furniture, and other similar articles of movable personal property owned by Tenant or placed by Tenant at its expense in the Premises, and all similar articles of any other persons claiming under Tenant. In addition, Tenant may elect to remove any of Tenant's Specialty Property and other personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises. Tenant also shall repair, at its sole cost and expense, all damages which removals from or Restoration of the Premises may cause.

ARTICLE 23 – ESTOPPEL CERTIFICATE; SUBORDINATION; NONDISTURBANCE; NOTICE TO LANDLORD'S MORTGAGEE

23.1 Estoppel Certificate. The parties agree, at any time and from time to time, upon not less than twenty (20) days' prior written notice by either, to execute, acknowledge and deliver to the other, by deposit in the United States mail, a statement in writing certifying that (i) this Lease is unmodified, in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified, and identifying the modification), (ii) the date to which the rent and other charges have been paid in advance, if any, (iii) whether or not there is any existing default by either party or notice thereof served by either party, (iv) and such other information as may be reasonably requested by such party, provided that such statement shall not modify any party's rights or obligations under this Lease or impose any additional liability on any party. Any such statement may be conclusively relied upon by any prospective purchaser, assignee, encumbrancer of the Premises or the Lease, provided that such statement shall be subject to the confidentiality requirements of Section 25.22.

23.2 Subordination.

23.2.1 Tenant agrees, on written request therefor, to execute an agreement subordinating the priority of its interest in this Lease to the lien of any mortgage or deed of trust hereafter placed upon the Premises; provided the lender under said mortgagee or deed of trust also executes a non-disturbance agreement substantially in the form attached hereto as Exhibit F, which provides that so long as Tenant is not in default under this Lease, Tenant's possession of the Premises and Tenant's other rights and privileges under this Lease shall not be interfered with and shall be honored by the lender, its successors or assigns, and which otherwise provides that should the Premises be transferred by foreclosure or by deed in lieu of foreclosure, this Lease shall continue in full force and effect as a direct lease between the then owner of the Premises and Tenant and that Tenant shall attorn to such transferee or successor of Landlord. Tenant agrees to execute a Subordination Non-Disturbance and Attornment Agreement in the form of Exhibit F attached hereto ("Subordination Agreement") provided however, Tenant shall not unreasonably withhold its consent to any commercially reasonable changes or additions required thereto by Landlord's lender, as long as such modification does not materially modify any of the parties' rights, remedies or obligations under this Lease, impose any additional liability on Tenant or impair Tenant's right to the use and possession of the Premises or Tenant's rights under this Lease in the event of a foreclosure or other transfer. Tenant's obligations under this Lease and the Construction Agreement are expressly conditioned upon Landlord obtaining a Subordination, Non-Disturbance and Attornment Agreement in substantially the form attached hereto as Exhibit F within fifteen (30) days following the date of this Lease.

23.2.2 Right to Cure. If Landlord or a lender who holds a mortgage or deed of trust encumbering the Premises (including AND and VSBFA) (the "Mortgagee") delivers to Tenant a written request that Tenant notify such Mortgagee of any defaults by Landlord under the Lease then Tenant, upon serving upon Landlord any notice of default under the Lease, shall also serve a copy of such notice upon such Mortgagee at the address specified in such written request. In the event of any such default by Landlord, the Mortgagee shall, within the time set for such cure under the Lease, have a right, but not the obligation, to remedy such default, or to cause the same to be remedied, and Tenant shall accept such performance by the Mortgagee as if the same had been made by Landlord.

ARTICLE 24 – QUIET ENJOYMENT

24.1 Quiet Enjoyment. Subject to Landlord's rights under Article 16, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with this Lease.

ARTICLE 25 – GENERAL PROVISIONS

25.1 Severability. The invalidity, illegality or unenforceability of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity, legality or enforceability of any other provision hereof.

25.2 Time. Time is of the essence in the performance of all terms, covenants, warranties and conditions of this Lease.

25.3 Captions. The article and paragraph captions hereto have been inserted solely as a matter of convenience and such captions in no way shall be deemed to define or limit the scope or intent of any provision of this Lease.

25.4 Notices. Any notice, request, approval or other communication required or permitted under this Lease shall be in writing and will be deemed to have been duly delivered upon personal delivery, or on electronically confirmed receipt by telecopy, or on the second business day after deposit with Federal Express or other overnight courier service, or as of the third business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed to Landlord and Tenant respectively at the addresses set forth below or at such other addresses as may from time-to-time be designated in writing by Landlord or Tenant by notice pursuant hereto.

Landlord:

The City of Danville
Industrial Development Authority of Danville
C/O The City Attorney's Office
P.O. Box 3300
Danville, VA 24543
(434) 799 - 5122

With a Copy to:

American Nation Bank and Trust Company
Attn: Michael L. Dance
628 Main Street
P. O. Box 191
Danville, VA 24543

Tenant:

Telvista, Inc.
19111 Dallas North Parkway, Suite 250
Dallas, TX 75287
Attn: Rose Marie Glazer

With a Copy to:

Jenkens & Gilchrist, a Professional Corporation
1445 Ross Avenue, Suite 3200
Dallas, Texas 75202-2799
Attn: Mark R. Vowell, Esquire

25.5 Waiver. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof. Consent to or approval of any act by one of the parties hereto shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant or any provision hereto, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

25.6 Holding Over. If Tenant continues to use the Premises, or any part of the Premises, after the expiration of the Term, then Tenant's holdover tenancy shall be on a month-to-month basis, and shall not be construed as a tenancy at sufferance. Tenant shall pay Landlord monthly during the month-to-month holdover term a sum equal to (i) 150% of the Base Rent which was payable for the last month of the Term or any renewal term, together with (ii) any additional charges payable by Tenant under this Lease for the period of such holdover.

25.7 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but, wherever possible, shall be cumulative with all other remedies at law or in equity.

25.8 Successors. Subject to any provision in this Lease restricting assignment, subletting or other transfers by Landlord or Tenant, each and all of the covenants, agreements, obligations conditions and provisions of this Lease shall inure to the benefit of and shall bind (as the case may be) not only the parties hereto but each and all of the heirs, executors, administrators, successors and assigns of the respective parties hereto. Whenever a reference is made herein to Landlord or Tenant, such reference shall be deemed to include the respective heirs, executors, administrators, successors and assigns of Landlord or Tenant. All of the promises, covenants, agreements, obligations, conditions and provisions contained in this Lease shall be construed to be, and as, covenants running with the Land, in the case of Landlord, and covenants running with Tenant's leasehold interest, in the case of Tenant, subject to the provisions of this Lease.

25.9 Choice of Law. This Lease shall be governed by the laws of the state where the Land is located. Any legal action at law or at equity pertaining or relating to this Lease or the Property shall be brought in the City of Danville Virginia.

25.10 Attorneys' Fees. In the event either Landlord or Tenant brings any suit or other proceeding with respect to the subject matter or enforcement of this Lease or with respect to a breach of a representation or warranty hereunder, the prevailing party (as determined by the court before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover its reasonable attorneys fees.

25.11 Entry by Landlord. Landlord and Landlord's authorized representatives and agents, at their sole risk, shall have the right to enter the Premises during business hours and upon prior notice to Tenant of not less than 48 hours for the purpose of inspecting same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises as Landlord may be required or permitted to make hereunder. Landlord, at its sole risk, may enter the Premises without 48 hours notice in the case of an emergency, provided Landlord has first made a reasonable attempt to notify Tenant's security personnel. Notwithstanding the above, if Landlord is required to enter into areas designated by Tenant as restricted access areas, Landlord or its representative shall be escorted by a Tenant representative at all such times.

25.12 Tenant's Authority. Tenant is a corporation and each individual executing this Lease on behalf of said corporation is duly authorized to execute and deliver this Lease on behalf of said corporation, and this Lease is binding upon said corporation in accordance with its terms.

25.13 No Third Party Rights Conferred. Except as otherwise provided herein, nothing expressed or implied is intended, or shall be construed, to confer upon or grant to any third person any rights or remedies under or by reason of any term or condition contained in this Lease.

25.14 Integration. This Lease and the documents referred to herein and the agreements attached hereto as exhibits cover in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning the Premises and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement shall be held to vary the provisions hereof, any law or custom to the contrary notwithstanding.

25.15 Number; Gender. Whenever the context of this Lease requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural.

25.16 Construction. Landlord and Tenant agree that each party has had its legal counsel review and approve of the form of this Lease, and each has participated in the preparation of this Lease. Each party agrees to waive any right to have the provisions of this Lease construed against any party primarily responsible for drafting same.

25.17 Consents. Unless otherwise specifically provided in this Lease, whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval.

25.18 Exhibits. Exhibits A through F, inclusive, are each attached to this Lease and are incorporated herein by reference. Any reference to the term "Lease" also shall be deemed to refer to any applicable Exhibit.

25.19 Modification. None of the covenants, terms or conditions of this Lease to be kept and performed by Landlord or by Tenant shall be altered, waived, modified, changed or abandoned in any manner, except by a written instrument, duly executed (and, where applicable, acknowledged) and delivered by the parties hereto.

25.20 No Partnership. Nothing in this Lease, including the agreements of Tenant contained herein, shall be construed to indicate in any way that Tenant is a partner of, or a joint venturer with, Landlord in respect of any construction required or permitted hereby or any other matter.

25.21 Confidentiality. The terms of the transactions contemplated in this Lease and Construction Agreement, including, without limitation, the rent and all other financial terms, shall remain confidential and shall not be disclosed by either party hereto without the written consent of the other except: (1) to such party's directors, officers, partners, employees, legal counsel, accountants, engineers, architects, financial advisors and similar professionals and consultants to the extent such party deems it necessary or appropriate in connection with the transaction contemplated hereunder and to lenders, lenders representatives, lenders attorneys, and prospective purchasers, if any (and such party shall inform each of the foregoing parties of such party's obligations under this paragraph and shall secure the agreement of such parties to be bound by the terms hereof); or (2) as otherwise required by law or regulation. No party shall issue or publish any press releases or announcements concerning this Lease, the Construction Agreement or transactions contemplated thereby without the consent of the other party.

25.22 Waiver of Consequential Damages. Neither Landlord nor Tenant shall be liable to the other under or in connection with this Lease for any consequential, exemplary, special or punitive damages, and both Landlord and Tenant waive, to the full extent permitted by law, any claim for consequential, exemplary, special or punitive damages.

25.23 Force Majeure. After the Commencement Date, neither party shall be responsible to the other for any losses resulting from the failure to perform any terms or provisions of this Lease if the party's failure to perform is attributable to war, riot, acts of God or the elements or any other unavoidable act not within the control of the party whose performance is interfered with and which by reasonable diligence such party is unable to prevent. However, neither party shall be excused from the timely performance of its obligations under this Lease for a period of time greater than ninety (90) days on account of force majeure.

25.24 Proprietary Rights. Landlord has no right to market, advertise, promote or use any of Tenant's names, logos, images or property, in connection with the Building or otherwise, without the express written consent of Tenant. All Tenant trademarks, tradenames and logos remain the exclusive property of Tenant and/or its affiliates.

IN WITNESS WHEREOF: Landlord and Tenant have duly executed this Lease on the day and year first written above.

[Signatures on following page.]

LANDLORD:

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, a Political Subdivision of the Commonwealth of Virginia

By: [signature]
Name: RICHARD L. TURNER
Title: CHAIRMAN

TENANT:

TELVISTA, INC., a Delaware corporation

By: [signature]
Higinio Sanchez
Chief Executive Officer

EXHIBIT "A"

LAND

Being located in the City of Danville, State of Virginia, and being more particularly described as follows:

Beginning at an iron pin in the east right-of-way line of Cane Creek Boulevard, said point being located 119.7±' south of the southern right-of-way line of U.S. Highway No. 58, and also being corner with Industrial Development Authority of Danville; thence leaving said Cane Creek Boulevard and with said Industrial Development Authority of Danville, S88° 55' 36" E, 423.47' to an iron pin in the line of City of Danville; thence with said City of Danville, S32° 52' 52" E, 403.36' to an iron pin, S57° 07' 08" W, 105.00' to an iron pin, S32° 52' 52" E, 236.46' to an iron pin in the line of Shorewood Paperboard Corporation of Virginia; thence with said Shorewood Paperboard Corporation of Virginia, S81° 24' 10" W, 719.35' to an iron pin in the aforesaid east right-of-way line of Cane Creek Boulevard; thence along said right-of-way line, N00° 50' 14" E, 435.37' to a point, N04° 39' 05" E, 275.37' to the point of beginning, containing 8.917 acres (388,422 square feet) and being as shown on ALTA/ACSM Land Title Survey for Virginia Community College System by Dewberry & Davis, Inc., dated December 5, 2000.

FIRST AMENDMENT

This First Amendment (the "Amendment") to the Lease Agreement, dated as of March 23, 2004 (the "Agreement") between Telvista, Inc. ("Telvista") and Industrial Development Authority ("IDA") is made and entered into as of October __, 2004. Except as otherwise provided herein, all of the terms and conditions of the Agreement remain in full force and effect. Capitalized terms not defined herein shall have the same meanings set forth in the Agreement.

Because the City of Danville, Virginia has loaned the Industrial Development Authority of Danville, Virginia the One Million Six Hundred Thousand dollars ($1,600,000) at 4% interest initially anticipated to be borrowed from the Virginia Small Business Financing Authority, the City of Danville, Virginia shall replace the Virginia Small Business Financing Authority in every area of the Agreement that the Virginia Small Business Financing Authority is mentioned and the City of Danville, Virginia shall be entitled to all rights and bear all responsibilities of the Virginia Small Business Financing Authority in the Agreement.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Amendment as of the date above.

Industrial Development Authority
Danville, Virginia

Richard L. Turner

Richard Turner, Chairman

TELVISTA, INC.

C. David Allen

BY: C. David Allen, Jr.
TITLE: Chief Financial Officer

SECOND LEASE AMENDMENT

THIS SECOND LEASE AMENDMENT ("Amendment") is made as of this 21st day of August, 2014, by and between **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, LLC**, a political subdivision of the Commonwealth of Virginia ("Landlord"); and **TELVISTA, INC.**, a Delaware corporation ("Tenant").

WITNESSETH:

NOW THEREFORE, for and inconsideration of the mutual promises and covenants contained herein the parties agree as follows:

Section 1 - Recitals. The parties recite the following:

A. Landlord and Tenant entered into a Lease Agreement dated March 23, 2004 (the "Lease") whereby Landlord leased to Tenant certain real property located at 119 Cane Creek Blvd in the City of Danville, Virginia, as more particularly described on Schedule "A" attached to the Lease and made a part thereof by reference (the "Premises").

B. The Lease contemplated that Landlord would enter into two separate loan transactions to finance certain work on the Premises, one in the amount of to be determined by lender payable to American National Bank and Trust ("ANB Loan") and one in the principal amount of $1,600,000 payable to Virginia Small Business Financing Authority ("VSBFA Loan") (the ANB Loan and the VSBFA Loan are collectively referred to as the "Loan").

C. As provided in the First Amendment to the Lease, Landlord did not enter into the VSBFA Loan, but replaced such loan with a loan in the original principal amount of $1,600,000 from the City of Danville, VA, and the City of Danville has replaced the VSBFA under the Lease, such loan being referred to as the "City Loan".

D. Landlord desires to refinance the ANB Loan and Tenant desires that Landlord refinance the ANB Loan and change the terms of the ANB Loan as provided herein.

E. Landlord and Tenant wish to amend the Lease, as hereinafter set forth.

Section 2 - Amendment. The Lease is hereby amended as follows:

A. Landlord will use its best efforts to refinance the ANB Loan in order to (i) amortize the loan over twenty-five years from the date of the expiration of the initial term and the first renewal, which will occur on or about February 22, 2015; (ii) ensure the continuation of Base Rent under the Lease at a rate that is not higher than the Base Rate charged as of the date of this Amendment; and (iii) to obtain through this refinancing the ability to reimburse Tenant up to

$1,355,000 for investment in infrastructure and equipment and brokerage services pursuant to the Tenant Investment and Reimbursement Agreement that is being entered by the parties at the same time as this Amendment. Upon completion of the refinancing by Landlord, the parties will amend Exhibit B of the Lease to reflect the updated terms of the ANB Loan.

B. Recital B (i) is hereby amended by deleting it in its entirety and replacing it with the following:

> Up to an amount to be approved by Landlord and Tenant from American National Bank and Trust Company, a national banking association ("ANB") its successors, assigns, or participants and any renewals or refinancing thereof agreed to by Tenant and Landlord (the "ANB Loan").

C. Section 2.3 Term is hereby amended by adding a new paragraph as follows:

> If not previously terminated as provided for herein, then beginning on the tenth anniversary of the Commencement Date, the Lease shall continue uninterrupted from the tenth anniversary of the Commencement Date for a term of one sixty (60) month term under the same terms and conditions set forth in this Lease. If the Lease is still in full force and effect after the extension stated in the preceding sentence, Tenant shall have the right to renew the Lease for as many as four (4) additional sixty (60) month renewal terms, provided written notice of the election to renew shall be received by Landlord not less than one hundred eighty (180) days prior to the expiration of the previous lease term. If said extension is duly exercised by Tenant, the Term of the Lease shall be automatically extended for an additional sixty (60) month period without requirement of any further instrument under all of the same terms and conditions set forth in this Lease. The initial term and any renewal terms shall be referred to collectively as the "Term" for the purposes of this Lease.

D. Section 4.1 Determination of Fixed Rent is hereby amended by adding a third sentence as follows: "Upon any refinancing, modification, or change in the interest rate of the ANB Loan or the City Loan, as provided in Section 2.A. above or as otherwise agreed to by the parties, Landlord shall provide written notice to Tenant in the event of any change in the Base Rent as a result of a change in the monthly installments payable by Landlord under either the ANB Loan or the City Loan."

E. This Amendment is subject to and conditioned upon (i) the parties entering into a Tenant Investment and Reimbursement Agreement between Landlord and Tenant dated contemporaneously with this Amendment and such Tenant Investment and Reimbursement Agreement being fully effective through at least August 22, 2014 (the "Amendment Effective Date"); and (ii) the refinancing of the ANB Loan under the terms stated in Section 2.A. above being completed by no later than the Amendment Effective Date. If either of these conditions are not met, then this Amendment shall be treated as void *ab initio* and having no force or effect on the Lease.

Section 3 - Miscellaneous.

A. Any additional modifications or changes to the Lease or to any extensions thereof, shall be in writing signed by the parties hereto.

B. In the event of conflicts or inconsistencies between the provisions of the Lease and the provisions of this or any other amendment, the provisions of the more current amendment shall control.

C. The Lease, as amended by this Amendment, shall remain in full force and effect except as amended herein.

D. Landlord represents and warrants to Tenant that (i) it has or will obtain all necessary authority to enter into this Amendment and the Tenant Investment and Reimbursement Agreement; and (ii)) that this Agreement and the Amendment to the Lease are permitted by and fully enforceable under the laws of the Commonwealth of Virginia and all local laws and ordinances; and (iii) the person executing this Amendment has the requisite authority to bind Landlord to the obligations stated in this Amendment and the Tenant Investment and Reimbursement Agreement.

Witness the following signatures and seals.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA

By: J. Neal Morris

Its: Chairman

TELVISTA, INC.

By:

Its: CEO

DAN# 115849.WPD-1, 107341-00001-02

Landlord's Initials NM

Tenant's Initials

{#4822-5968-4379-4, 112692-00001-02}

Telvista Loan Background

In March 2004, the City's IDA and Telvista entered into an agreement that called on the IDA to procure financing through American National Bank and the Virginia Small Business Financing Authority (VSBFA) to pay for construction of a building to be used by Telvista for a call center operation in Airside Industrial Park. The agreement called for Telvista to cover the cost of both loans plus pay any taxes and insurance on the property through a lease. American National Bank and the IDA agreed to a $6,905,000 loan with an interest rate of around 5%. The loan with VSBFA was to be $1.6 million at 4% for 25 years.

The VSBFA loan fell through and in order to keep the project moving forward, the City agreed to provide that loan through the Industrial Development Authority. The loan, which was agreed upon in October 2004, had a 25 year term and a 4% interest rate. When Telvista made payments to the IDA, the IDA made equal payments to the City of Danville. To date, the City has collected $1,430,472.69 in interest and principal on the $1.6 million loan. The total lease amount with Telvista was $48,002.20 per month, which included the amount needed to make payments on the American National Bank Loan.

In late 2014, Telvista approached the IDA about an expansion to accommodate a new client (Verizon), which required an upgrade to the facility. The property was refinanced at the beginning of FY 2016 with a principal amount of $6,440,000 and a 5% interest rate. The increase in borrowing enabled the IDA to pay Telvista an agreed upon incentive of $1,355,000, which was used for the expansion. At the time of the refinancing, the principal balance was down to $4,846,109.23. The monthly payments remained fairly constant at $37,924.90 per month.

In 2018, Telvista lost its contract with Verizon and decided to close its doors in Danville. At the time, the IDA owed about $6 million to the bank for the property. The IDA and Telvista agreed to a settlement of $384,018 plus any remaining furnishings, IT infrastructure, power generator, and furniture in order to break the lease with the IDA. A likely alternative to this settlement was for Telvista to file for bankruptcy, which would have led to a lengthy legal fight to recoup the remaining lease payments. A business decision was made to break ties with Telvista and recoup as much from them as possible so that the Economic Development Department could quickly market the building to new businesses.

At around the same time, the City was working with PRA Group to locate 500 jobs and over $15 million in new capital investment in Danville. The Telvista building was an ideal location, so the decision to settle with them made it available for PRA Group. The IDA used the $384,018 in settlement funds to continue making payments on their loans to the bank and City while the Economic Development Department worked to sell the building to PRA Group.

In short order, the IDA negotiated a price with the PRA Group that would allow it to pay off the American National Bank loan with some additional funds to cover legal costs and other fees related to the transaction. In order to get clear title for the property, it became necessary for the City to forgive the loan to the IDA for the remaining principal balance on the loan. However, as stated above, the City has collected over $1.4 million in payments toward the $1.6 million loan. Also, several City departments were able to replace aging equipment and furniture with newer and better items that were left in the building. Any remaining items have been or will be sold at auction.

The Economic Development Department and the IDA took quick action to make the best out of a bad situation. Now, instead of having Telvista's 300 jobs at much less pay, the City is poised to have PRA Group's 500 jobs at an average pay of about $38,000 per year. This is far better than an empty building, owned by the IDA with no tenant and mortgage payments still due to the bank. The chart below compares what the City was facing when Telvista decided to close its Danville operations and how it improved when the PRA Group committed to purchase the building.

	Telvista Operating	**Telvista Closed – Current Existence**	**PRA Group Purchase**
Number of Jobs	300	0	500
Average Pay	$26,000	$0	$38,000
Taxable Income	Real Estate Taxes and Depreciating Equip.	None	Real Estate Taxes and $15 million Capital Inv.
Building Ownership	IDA – Leased by Telvista	IDA – No Lease/Settled	PRA Group to Own
$1.6 M Loan	Paid with Telvista Lease	No Payments/Settled	PRA Not Responsible

The Industrial Development Authority (IDA) is a separate legal entity from the City guided by a volunteer group of citizens appointed by City Council. It works in cooperation with the City and its Economic Development Office to provide significant opportunities for industrial and commercial development in the City and in Danville-Pittsylvania County Regional Industrial Facility Authority owned parks by providing competitively priced lease/purchase arrangements with companies locating in the Danville region. The IDA also promotes and facilitates redevelopment activities in the River District by the purchase, renovation, and subsequent lease or sale of real estate sites throughout the District.

The IDA issues tax-exempt bonds to provide long-term financing to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises and institutions of higher education to locate in and remain in the Commonwealth and in the City and further the use of Virginia's agricultural products and natural resources, either through the increase of commerce, or through the promotion of safety, health, welfare, convenience or prosperity.