DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

March 15, 2022

7:00 P.M.

PRESIDING:	Alonzo L. Jones, Mayor	
CITY COUNCIL MEMBERS:	James B. Buckner L.G. "Larry" Campbell, Jr. Bryant Hood Barry P. Mayo	Dr. Gary P. Miller, Vice Mayor Sherman M. Saunders J. Lee Vogler, Jr., 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 - J. Lee Vogler, Jr.

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

Proclamation: Peyton Sellers' Day
Presented to: Peyton Sellers

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. Consideration of Approval of Minutes from Regular Council Meeting held on February 15, 2022, and Minutes from Regular Work Session held on February 15, 2022.
Council Letter Number CL - 2728.

B. Consideration of Amending the Fiscal Year Budget Appropriation Ordinance for State Aviation Capital Grant Funding.
Council Letter Number CL - 2711.

An Ordinance Amending the Fiscal Year 2022 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Overall Airport Improvements in the Amount of $114,767 plus the Local Share in the Amount of $96,888 to be Provided Through the Fiscal Year 2022 Issuance of Bonds for Capital and Special Projects and Appropriating Same.
FINAL ADOPTION

NEW BUSINESS

A. Review of General Fund Financials as of February 28, 2022.
Council Letter Number CL - 2737.

B. Consideration of the Issuance of General Obligation School Bonds for Danville Public Schools.
Council Letter Number CL - 2704.

A Resolution Providing for the Issuance, Sale and Award by the City of Danville, Virginia, of its General Obligation School Bonds, Series 2022, in the Maximum Aggregate Principal Amount of $141,000,000 and Providing for the Form, Details and Payment Thereof.

C. Consideration of Approving a Moral Obligation with American National Bank and Trust Company.
Council Letter Number CL - 2736.

A Resolution Authorizing and Approving Execution of a Moral Obligation Agreement By and Between the City of Danville, Virginia and American National Bank and Trust Company, a Virginia Banking Corporation.

D. Consideration of Renaming Stonewall Recreation Center to Camp Grove Recreational Center.
Council Letter Number CL - 2727.

A Resolution Renaming the Stonewall Recreation Center to the “Camp Grove Recreational Center.”

E. Consideration of Amending the Fiscal Year 2022 Budget Appropriation Ordinance for a Grant from the Virginia Department of Health.
Council Letter Number CL - 2722.

An Ordinance Amending the Fiscal Year 2022 Budget Appropriation Ordinance to Provide for a Grant from the Virginia Department of Health in an Amount of $7,780 and a Local Share in the Amount of $7,780 for EMS Equipment and Trailer for the Swift Water Team for a Total Appropriation in the Amount of $15,560, and Appropriating Same.
FIRST READING

F. Consideration of Amending the Fiscal Year 2022 Budget Appropriation Ordinance for Public Safety Technology Modernization.
Council Letter Number CL - 2723.

An Ordinance Amending The Fiscal Year 2022 Budget Appropriation Ordinance by Increasing Revenues from Various Taxes to Purchase Public Safety Modernization Software and Hardware an Appropriation in the Amount of $1,500,000 and Appropriating the Same.
FIRST READING

G. Presentation of the City Manager's Proposed Fiscal Year 2023 Budget.
Council Letter Number CL - 2739.

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-2728 **Consent Agenda A.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Consideration of Approval of Meeting Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

Consideration of Approval of Minutes from Regular Council Meeting held on February 15, 2022, and Minutes from Regular Work Session held on February 15, 2022.
Council Letter Number CL - 2728.

Attachments

Meeting Minutes

Meeting Minutes

The Second Regular February meeting of the Danville City Council was held on February 15, 2022, 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., Bryant Hood, Mayor Alonzo L. Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

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.

INVOCATION

The Invocation was given by Sherman M. Saunders followed by the Pledge of Allegiance.

Mayor Jones noted citizens have seen the new scooters around town, and he had two questions for the City Manager, how does one get a scooter, and is there anyone in the City maintaining them. City Manager Ken Larking explained the City of Danville does have Bird Scooters, a private company that has an agreement with the City for the right to use the right of way and operate their company within the city. If a citizen wants to use the scooter, they would download their mobile app, fill in the information, including funds and start riding. The app will keep charging the rider until they were done. There was a local contact person who works for Bird who was responsible for going and finding the scooters and putting them back; if they were broken, they will get them fixed. Council Member Saunders questioned if there was any liability to the City if someone got hurt and Mr. Larking noted he believed it was all on the company. If the rider wants to report an issue with the scooter, there were a few options including emailing Hello@Bird.co , or calling at 866-205-2442; if they have the app, they can report issues on the app.

COMMUNICATIONS FROM VISITORS

No one desired to speak.

CONSENT AGENDA

Mayor Jones opened the floor for a Public Hearing regarding the Budget Items on the Consent Agenda. Notice of the Public Hearing was published in the *Danville Register & Bee* on February 8, 2022. No one present desired to be heard and the Public Hearing was closed.

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

Minutes from the Regular Council Meeting held on January 18, 2022. Draft copies of the minutes had been distributed prior to the meeting.

Budget Ordinance – Amending the Fiscal Year 2022 Budget Appropriation Ordinance for State Aviation Capital Grant Funding

An Ordinance Entitled, Ordinance No. 2022-02.04, Amending the Fiscal Year 2022 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Airport Terminal Building Renovations in the Amount of $834,929 plus the Local Share in the Amount of $227,321 to be Provided Through the Fiscal Year 2022 Issuance of Bonds for Capital and Special Projects and Appropriating Same.

Budget Amendment – Amending the Fiscal Year 2022 Budget Appropriation Ordinance for Litter Control and Recycling Grant Funds

An Ordinance Entitled, Ordinance No. 2022-02.05, Amending the Fiscal Year 2022 Budget Appropriation Ordinance to Anticipate Grant Funds from the Commonwealth of Virginia for Litter Control and Recycling Efforts in the Amount of $12,124.00 and Appropriating Same.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler and Whittle (9)
NAY: None

APPOINTMENTS

Vice Mayor Miller **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2022-02.02

A Resolution Appointing Bryant Hood to the Dan River Business Development Center to fill an unexpired term ending June 30, 2022.

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

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler and Whittle (9)
NAY: None

NEW BUSINESS

GENERAL FUND FINANCIAL REPORT AS OF JANUARY 31, 2022

Chief Financial Officer Michael Adkins reviewed the General Fund Financials through January 31, 2022, which was seven months into the fiscal year, and 58% complete. Revenues for the General Fund came in above $61M, $3M more than the prior year, and about 53% of budget which was where they expect to be at this point of the year. Driving that increase over the last year were General Property Taxes and Local Consumer Taxes. General Property Taxes saw a good collection of Personal Property and Real Estate with the first half billings of this fiscal year. Delinquent Collections of Real Estate were going well at 62% of budget, about $660,000 in delinquent real estate taxes were collected at this point. The City was seeing an increase in shared tax revenue with the County; the City and County together own several industrial parks, and taxes from those parks were increasing as well. In the local consumer driven taxes, sales tax was at $6.2M, 61% of budget, and about $500,000 more than last year; the City was seeing an average of $900,000 a month in sales tax; last year, that average was just over $800,000 a month, and prior to that, FY19 and before, the City was in the $700,000s. Mr. Adkins noted that shows that the tax on on-line commerce has made a substantial difference in collections. Meals tax came in at $5.8M which was 68% of budget, a full 10% ahead of budget at this point, and nearly $1M more than last year. Lodging taxes have also rebounded quite a bit at $1.2M at the end of January, and 81% of budget; that was probably the only area where staff backed off the budget coming through the pandemic, but only $100,000 on budget; that was performing well at $366,000 more than last year. All of the revenue from State and Federal sources were on track with budget and in line with the expenditures they reimburse the City for.

On the Expenditure side, the Departments were at about 52.5% of budget, trailing budget which staff likes to see; it was still about $1M more than last year. Last year, the City was able to use CARES Act Funding to cover one month of public safety salaries; that was not available to the City this year, and was primarily the reason for the increase over last year. Non-Departmental Expenses were primarily Debt Service and Group Health Insurance; both of those were on track at 58% of budget, where they should be. The General Fund results to this point were very encouraging and Mr. Adkins noted he has no budgetary concerns at this time.

In response to Mr. Whittle, Mr. Adkins explained that the CARES Act allowed localities to cover public safety salaries for a period of time; the City chose one month to allocate those funds. The City also received American Rescue Plan money; those were funds that the City was now considering how to budget and allocate.

Council Member Campbell questioned the reserves and Mr. Adkins noted the City ended the year with $34M in the Unassigned Fund Balance for the General Fund, an increase over last year. It was hard to look at that in the interim as it always dips down in the middle of the year because revenues tend to come in in two installments. Right now, the City was in the low twenties which was where they normally were at this time, with no concerns.

Council Member Vogler noted they had discussed raising the threshold for the reserves, going as high as 30% or at least 25%. Would that be looked at during this budget session and Mr. Adkins explained the City, knowing they have the school bonds coming up, would have to tweak their financial policies to accommodate for that issuance because it was so much. They would have to put in language that says, except for those school bonds which were supported by the sales tax, these were the limits that were in place. That would be a good time to incorporate a change in the fund balance policy; 25% was a good step and he was discussing that with the City's financial advisors. As revenues increase, and staff expects them to increase substantially in the next few years, that automatically makes the dollars the City has to have in the fund balance reserve more, whatever that percentage was that increased as well. That needs to be looked at to analyze the impact, to make sure the City wasn't getting too far ahead of themselves. Mr. Larking noted they have estimates on what they think the revenues would be when the casino opens. When it first opens it will likely be a partial year of revenue and it might be higher than expected. It would be good to have a trend of what that revenue looks like and have that information as staff formulates what the new fund balance policy will be. Some of the projections call for $38M of new revenue; if that was added to the annual budget and the City has to do 20% of that, that was a significant amount more they have to have available for fund balance. Gauging what that policy ought to be, staff will need to rely on the advice of Mr. Adkins, the financial advisors and what the best amount was to use when they do credit presentations for the rating agencies. The goal ultimately was to have enough money to handle any emergencies but also to get a good credit rating so when the City borrows funds, they can get lower interest rates.

CONSIDERATION OF IMPOSING AN ADDITIONAL GENERAL LOCAL SALES TAX AND A LOCAL USE TAX AT A RATE OF ONE PERCENT

Mayor Jones opened the floor for a Public Hearing regarding Additional General Local Sales Tax and Local Use Tax. Notice of the Public Hearing was published in the *Danville Register & Bee* on February 7, 2022. No one present desired to be heard and the Public Hearing was closed.

<u>CONSIDERATION OF AMENDING CERTAIN SECTIONS OF CHAPTER 37 OF THE DANVILLE CITY CODE BY CREATING A NEW ARTICLE XIII "IMPOSITION OF ADDITIONAL SALES AND LOCAL USE TAX" AND NEW SECTION 37-185 ENTITLED "IMPOSITION OF ADDITIONAL SALES TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS".</u>

Upon **Motion** by Council Member Campbell and **second** by Council Member Mayo, an Ordinance entitled:

ORDINANCE NO. 2022-02.06

AN ORDINANCE AMENDING AND REORDAINING CERTAIN SECTIONS OF CHAPTER 37, ENTITLED "TAXATION," OF THE CODE OF THE CITY OF DANVILLE, VIRGINIA, BY CREATING A NEW ARTICLE XIII, ENTITLED "IMPOSITION OF ADDITIONAL SALES AND LOCAL USE TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS" AND ADDING A NEW SECTION §37-185, ENTITLED "IMPOSITION OF ADDITIONAL SALES TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS".

was presented by its **First Reading**, as required by City Charter, to lie over before final adoption.

<u>CONSIDERATION OF AMENDING CERTAIN SECTIONS OF CHAPTER 37 OF THE DANVILLE CITY CODE BY AMENDING ARTICLE XIII BY ADDING A NEW §37-186 ENTITLED "IMPOSITION OF ADDITIONAL LOCAL USE TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS".</u>

Upon **Motion** by Council Member Campbell and **second** by Council Member Mayo, an Ordinance entitled:

ORDINANCE NO. 2022-02.07

AN ORDINANCE AMENDING AND REORDAINING CERTAIN SECTIONS OF CHAPTER 37, ENTITLED "TAXATION," OF THE CODE OF THE CITY OF DANVILLE, VIRGINIA, BY AMENDING ARTICLE XIII, ENTITLED "IMPOSITION OF ADDITIONAL SALES AND LOCAL USE TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS" BY ADDING A NEW § 37-186, ENTITLED "IMPOSITION OF ADDITIONAL LOCAL USE TAX; USE OF REVENUES FOR CONSTRUCTION OR RENOVATION OF SCHOOLS".

was presented by its **First Reading**, as required by City Charter, to lie over before final adoption.

<u>CONSIDERATION OF THE 2022 SUMMER WORK EXPERIENCE AND EMPLOYMENT PROGRAM FOR YOUTH AND YOUNG ADULTS</u>

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

RESOLUTION NO. 2022-02.03

A RESOLUTION APPROVING THE EXPERIENCEWORKS PROGRAM FOR YOUTH AND YOUNG ADULTS AND THE USE OF AMERICAN RESCUE PLAN FUNDS TO PROVIDE THE CITY'S MATCHING INVESTMENT IN THE IMPLEMENTATION OF THE PROGRAM.

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

VOTE:	9-0
AYE:	Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler and Whittle (9)
NAY:	None

COMMUNICATIONS

City Manager Ken Larking noted he had sent an email to Council asking them if they would like him to request that the Virginia Department of Corrections hold a Public Hearing regarding their proposal to put a Parole and Probation Office within the City of Danville on Sandy Court. There were a several emails from adjoining property owners expressing questions and concerns about this. The letter they received indicated that City Council could request that the Department of Corrections have a public hearing to seek input on their plans. Mr. Larking noted he wanted to see if the Council would like to ask for that. City Council indicated they would like a Public Hearing to be held, and Council and the Mayor directed the City Manager to make the request for a Public Hearing.

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

Vice Mayor Miller noted he called the Deputy City Manager with a question from a constituent who asked about programs for tenants to improve their property, was there anything for owners of the buildings. Mr. Reynolds told him if a citizen owns property and wants to fix it up, there were low interest loans through the housing department. Dr. Miller noted a question they were asked every day was, what were they doing at the casino site; there was heavy equipment working on the site, and told citizens to just drive by to see.

Council Member Saunders thanked Council and the Mayor for the recognition at the last Council meeting, it was not expected.

Council Member Vogler noted that Danville was being known as the comeback City. It was just a handful of years ago it unfortunately had gotten a reputation as a crime city; Danville was reaching all-time highs in a number of categories. This Council pushed for change and the City Manager hired a new police chief who implemented change in a number of ways; the City was seeing the results of that. Over the last three years, violent crime was down 51% in the City, homicides were down 51.3%, robberies were down 67.4%, aggravated assaults were down 47.5%, and property crimes were down 23%; across every metric, crime was down in the City over the last three years. It was a testament to the leadership throughout the City, but particularly in the police department. Leadership matters and community policing works.

Council Member Whittle noted he had a question for the City Manager, asking if the GIS site was working well. Mr. Larking noted he believed it was, there were some upgrades made to the parcel viewer, but he will check to make sure it was working properly.

Council Member Buckner noted he uses that site every day, and it was changed; if they were using an old link, they need to delete it and reload the new link. Mr. Buckner stated today's press conference regarding crime in Danville was incredible, it was what they strive for as a City, why they work so hard as a community, and he was very happy to see the results of what was happening. Mr. Buckner noted someone mailed him a letter, looking like an attempt to educate him on his family's history, but they got his name wrong and the rest was completely wrong as well. If they wanted to reach out to him, he would be glad to educate them on what he knows about his family.

Council Member Campbell asked the City Manager, at one time they were looking at expanding the

River District up to North Theatre, was that process ended or was it still being pursued. Mr. Larking stated he did not believe they were pursuing expanding the River District at this time. Mayor Jones noted he believed Council Member Campbell was talking about taking the City's vision up North Main. Mr. Larking explained they were putting more focus on the North Main Hill area; it was an area that includes that section near the Theatre. The River District Association was expanding the footprint of the areas that they serve, and was adding that section, and the City has provided assistance to businesses within that area. He does not know what the process would be to change the boundaries of the River District, there might be some complications with Main Street designations. Right now, they have all the same tools to be able to assist them if there were trying to open a business. Rev. Campbell questioned if that was an historic district and Mr. Larking noted he believed it did have an historic designation.

Mr. Vogler noted he remembers discussing this several years ago, and at that time, the property owners on North Main Hill didn't really want to be included in the River District because they wanted to have their own unique identity. In the last work session, there was a discussion of commercial corridors the City was going to be looking to improve including North Main Hill. Mr. Whittle noted the Enterprise Zone could be moved from the River District at times if it was necessary and Mr. Larking explained the Enterprise Zone encompasses more than just the River District, there were several parts of the City that were included. Rev. Campbell questioned in reference to grants, would it be a different variation of grants, or basically be all the same and Mr. Larking noted he believed it would be all the same.

Council Member Hood extended his condolences to the Scott family on the passing of Wendell Scott Jr., this past week. In honor of Black History Month, he would like to acknowledge the Wendell Scott Foundation for their annual Wendell Scott Gala they held at the NASCAR Hall of Fame in Charlotte, NC.

Council Member Mayo noted he wanted to recognize the Scott Family for what they have done in the community and the passing of Wendell Scott, Jr. Mr. Mayo noted kudos to the summer work program, pushing it more and more to the young people. Mr. Mayo noted he was very proud of the Danville Police Department on the job they have done in the community; the Police Department was engaging with the citizens and that was a good thing to see. The City was growing, construction was going to start on the casino and the River District, opportunities for jobs were coming and he wanted the citizens to know and prepare themselves. Being part of DCC Workforce Development and career opportunities, to the citizens, the opportunities were there for them.

Mayor Jones thanked everyone who was there tonight, hearing about the opportunities for the students and young adults in the intern program, and thanked the City's partners for that. Mayor Jones thanked Mr. Saunders for his Invocation and noted City Council supports the teachers and educators in the City.

ADJOURNED: 7:44 P.M.

APPROVED:

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MAYOR

ATTEST:

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CITY CLERK

February 15, 2022

A Regular Work Session of the Danville City Council convened on February 15, 2022, at 7:46 p.m. in Council Chambers located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

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

Mayor Jones presided.

MINUTES

Upon **Motion** by Council Member Saunders and **second** by Council Member Buckner, Minutes of the Regular Work Session held on January 18, 2022 were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

APPOINTMENTS

Vice Mayor Miller noted the Committee on Appointments met earlier this evening and made the following recommendations:

Industrial Development Authority:	Appoint:	Robert W. Woodall, III Philip Hall
Social Services Advisory Board	Appoint:	Roshanda Chapman Venee Mayo

Council agreed to put the Appointments on an upcoming Business Meeting.

WORK SESSION ITEMS

PRESENTATION OF THE FISCAL YEAR 2021 AUDIT REPORT

City Manager Ken Larking noted he had emailed Council Members with information on the Audit; everything listed in that email, staff has changed processes for. None of those items were the result of any fraudulent activity or attempt to misrepresent their statements.

Chief Financial Officer Michael Adkins introduced Julie Moore, the Manager of the City's Audit, from Brown, Edwards. Ms. Moore noted the City received an Unmodified Opinion of the Audit this year. The Compliance Section was where the findings were located; there were two material weaknesses related to the City and one significant deficiency. There was also one for the schools, and the reason the schools' was reported in the City's Report was because it was a component unit and falls under Single Audit; therefore it had to be reported under the City.

There was also a material weakness with regard to one of the Federal programs. They were required under Uniform Guidance to test certain Federal programs each year if they were above a certain threshold, and they also have to test a percentage of them. They tested about 55% of all the Federal programs this year; there was one they had a finding for and that was in the back of the report as well. That finding has been common this year among other governments they have audited, and it was related to subrecipient monitoring. The Guidance indicated that the City had to do formal agreements and more substantive follow ups; there were verbal agreements and emails, but that did not qualify as formal agreements and was why the City had that finding.

Ms. Moore noted they appreciated all the hard work of the staff, they were patient with the auditors and appreciated the City letting them do their audit.

COMMUNICATIONS

Council Member Saunders thanked Michael Adkins and his staff for the excellent job they do every day.

Council Member Whittle noted the City Manager had won an award, and Mr. Larking explained the City was recognized by the Southern Piedmont Technology Council for an Innovative Community Award, and he was happy to accept that award on behalf of the City. In addition to that, Inez Rodenburg, the City's IT Director had a separate award at the same event, the Chairman's Award for her work in technology, promoting the use of technology in the community and in serving the public.

MEETING ADJOURNED AT 7:55 P.M.

APPROVED:

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MAYOR

ATTEST:

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CITY CLERK

Council Letter
City of Danville, Virginia

CL-2711 **Consent Agenda B.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: State Aviation Capital Aid

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

First Reading: 03/01/2022
Final Adoption: 03/15/2022

SUMMARY

The Virginia Department of Aviation administers an Airport Capital Grant program that provides funding for a variety of projects and maintains different funding levels relative to the scope of the project. In January 2022, the Virginia Department of Aviation recommended funding approval of several capital project requests related to the Danville Regional Airport. In February 2022, state and local funding was appropriated for one of these projects regarding terminal building renovations. This Council letter and appropriation ordinance addresses state funding opportunities for four other capital projects that were recommended by the Virginia Department of Aviation for funding in January 2022. These projects include the replacement of airfield directional signage panels and furniture located in the terminal building. Other capital projects recommended for funding include security improvements for the terminal building and design services to expand the airport's aviation fuel facility.

BACKGROUND

In January 2022, several capital projects related to the Danville Regional Airport were recommended for funding by the Virginia Department of Aviation. In February 2022, state and local funds were appropriated to renovate the airport's terminal building. This Council letter and the appropriation ordinance address other capital projects that were recommended for funding by the state.

State aviation funding is approved to replace a total of 19 airfield directional sign panels, an automatic gate as well as furniture located in the terminal building, The automatic gate that is presently located between the terminal building and Averett University's Flight Center Building is 12' wide and will be replaced with an 18' wide gate to support bus access to the terminal ramp area. In addition, state funding was recommended for approval to complete security improvements to control access from the terminal building to the adjacent ramp area. Exhibits are attached that reflect the proposed furniture layout plan and the location of security access control units. State funding was also approved to complete design services to expand the airport's aviation fuel facility by adding one tank to accommodate an additional 20,000 gallons of jet fuel to improve the probability that sufficient fuel supply is available to support existing and prospective air traffic activities.

RECOMMENDATION

It is recommended that City Council approve an Ordinance amending the Fiscal Year 2022 Budget Appropriation Ordinance for State Aviation capital grant funding and the local share and appropriating the same. The local share for these projects will be provided through the Fiscal Year 2022 issuance of bonds for Capital and Special Projects.

Attachments

Ordinance

Security Layout Plan

Furniture Layout Plan

PRESENTED: ______________________

ADOPTED: ________________________

ORDINANCE NO. 2022 -____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR ADDITIONAL STATE AVIATION FUNDING FOR THE PURPOSE OF OVERALL AIRPORT IMPROVEMENTS IN THE AMOUNT OF $114,767 PLUS THE LOCAL SHARE IN THE AMOUNT OF $96,888 TO BE PROVIDED THROUGH THE FISCAL YEAR 2022 ISSUANCE OF BONDS FOR CAPITAL AND SPECIAL PROJECTS AND APPROPRIATING SAME.

WHEREAS, architectural design services were completed this fiscal year to support airport terminal building improvements that involved furniture replacement; and

WHEREAS, airfield directional sign panels require replacement; and

WHEREAS, security improvements are desired related to the airport's terminal building; and

WHEREAS, design services are needed to expand the airport's aviation fuel facility; and

WHEREAS, the Fiscal Year 2022 Bond Ordinance for Capital and Special Projects provides local funding to complete airport capital projects.

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia that the Fiscal Year 2022 Budget Appropriation Ordinance be, and it is hereby, amended by increasing revenues for grants from the Virginia Department of Aviation in the amount of $114,768 such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Airfield Directional Sign Panels		
State Aviation Funds	61669000-45712	$4,545
Local Bond Ordinance	61737000-43021	$1,136
	GRAND TOTAL	$5,681

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Airfield Directional Sign Panels	61669000-50	$5,681

ANTICIPATED REVENUES

Description	Account No.	Amount
Security Improvements		
State Aviation Funds	61741000-45712	$31,129
Local Bond Ordinance	61737001-43021	$10,713
	GRAND TOTAL	$41,842

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Security Improvements	61741999-50	$41,842

ANTICIPATED REVENUES

Description	Account No.	Amount
Furniture Replacement		
State Aviation Funds	61743000-45712	$42,434
Local Bond Ordinance	61737000-43021	$10,609
	GRAND TOTAL	$53,043

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Furniture Replacement	61743999-50	$53,043

ANTICIPATED REVENUES

Description	Account No.	Amount
Design Services		
State Aviation Funds	61742000-45712	$ 36,659
Local Bond Ordinance	61737000-43021	$ 74,430
	GRAND TOTAL	$111,089

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Design Services	61742999-50	$111,089

AND BE IT FURTHER ORDAINED, that all other accounts and provisions of the Fiscal Year 2022 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:

____

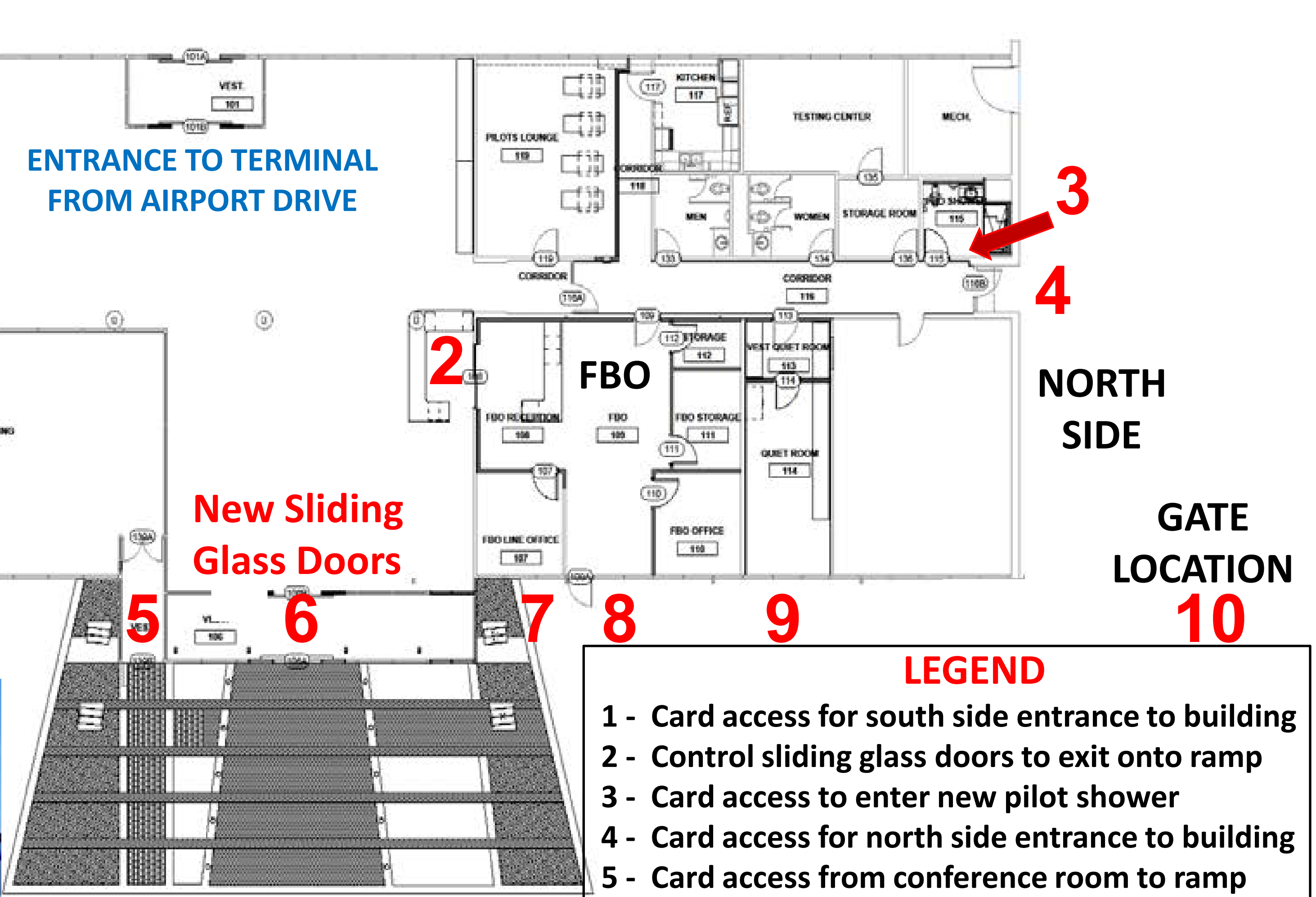
City Clerk

APPROVED AS TO
FORM AND LEGAL SUFFICIENCY:

____

City Attorney

EXHIBIT 1
SECURITY IMPROVEMENTS FOR TERMINAL BUILDING

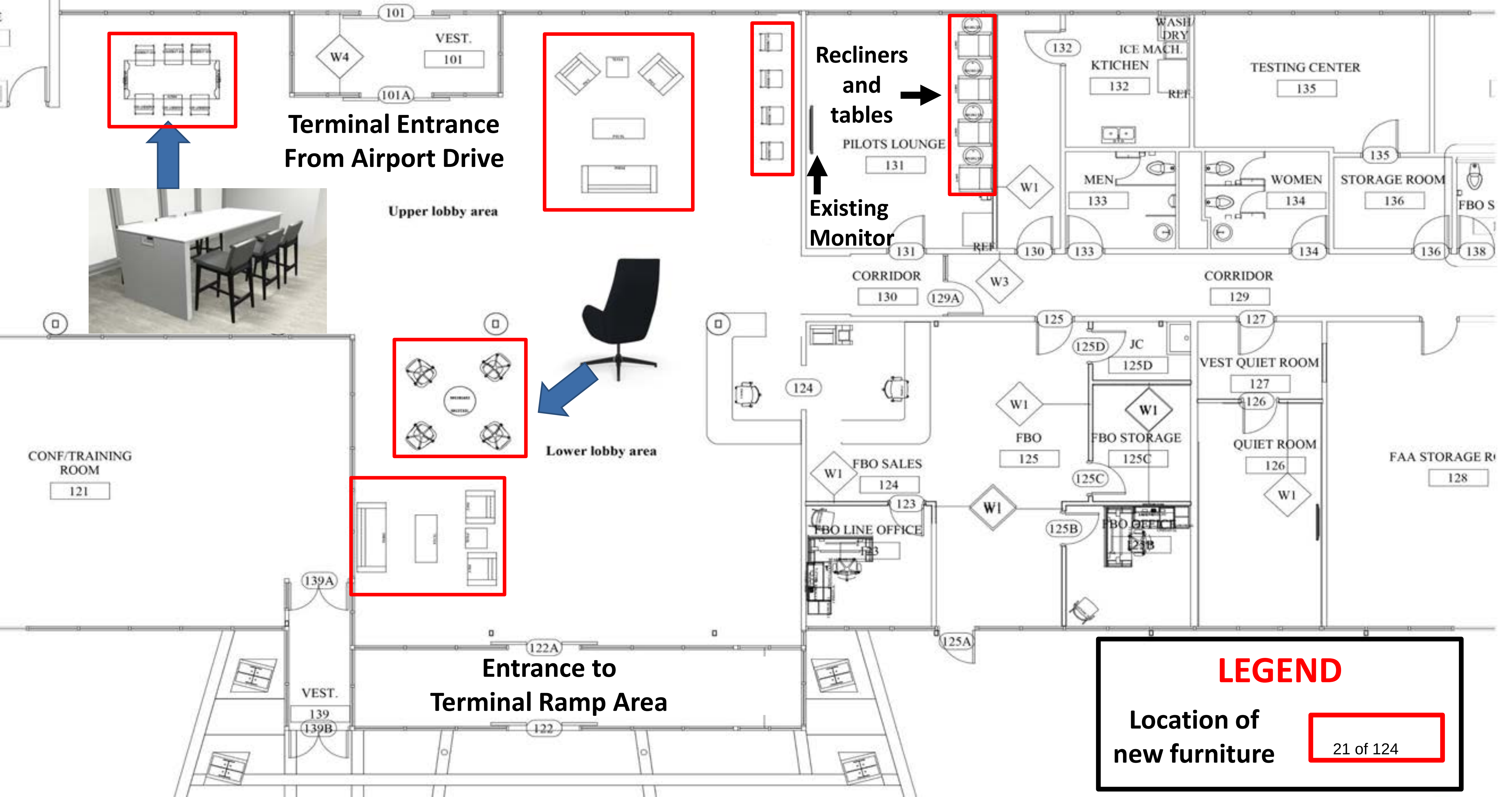


LEGEND

1 - Card access for south side entrance to building
2 - Control sliding glass doors to exit onto ramp
3 - Card access to enter new pilot shower
4 - Card access for north side entrance to building
5 - Card access from conference room to ramp
6 - Card access to exit onto terminal ramp area
7 - Card access to exit onto ramp from office door
8 - Card access to exit onto ramp from FBO door
9 - Card access to exit onto ramp from Quiet Room
10- Replace automatic 12’ gate with 18’ wide gate as shown in Exhibit 2

EXHIBIT 2
SECURITY IMPROVEMENTS FOR AVERETT UNIVERSITY'S FLIGHT CENTER BUILDING

FURNITURE LAYOUT PLAN



Council Letter
City of Danville, Virginia

CL-2737 **New Business A.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: General Fund Monthly Financial Report

From: Michael Adkins, Director of Finance

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

A brief summary of the General Fund financial results through February 28, 2022, will be given. Financial statements are included.

Attachments

Financial Statements

City of Danville
Department of Finance
Michael Adkins, CFO

To: **Ken F. Larking, City Manager**

From: **Michael L. Adkins, Chief Financial Officer**

Date: **March 4, 2022**

Subject: Summary of Preliminary General Fund Financial Results for February 28, 2022

After completing the first eight months of fiscal year 2022, revenues are performing well and are exceeding the previous year. As of February 28, General Fund revenues were $69,271,922. This represents 59.9% of our FY 2022 budget and an increase of $4.5 million over the prior year. Last year, at this time, we had collected $64,815,300 or 58.0% of budget.

General Property Tax collections continue to perform well with 53% of the budgeted real estate tax realized at the end of February. We continue to see steady performance in the collection of delinquent real estate taxes this year with $706,609 realized in the first eight months of this fiscal year. This accounts for 67% of the current year budget. Personal property tax collections are tracking as expected with 49% collected as of February 28.

Local consumer taxes have rebounded beyond pre-pandemic levels with $19,820,493 or 68.2% of budget collected through February 28. This exceeds February 2021 collections by $2,738,551. Sales tax collections through February amounted to $7,361,202 or 72.8% of budget, an increase of $591,318 from last year. Meals taxes collected for the first eight months of the fiscal year amounted to $6,528,938 or 77.1% of budget, an increase of $1,014,156 from last year. Business Licenses realized at the end of February were $3,157,696 an increase of $722,811 from the prior year. Lodging taxes received as of February 28 were $1,348,082 or 89.2% of budget, an increase of $402,036 from the prior year.

A decrease of $269,598 is seen in Non-Categorical Aid, $100,000 of which is a timing difference with funding for the Welcome Center. The remainder is a decrease in Telecommunications tax revenue. In addition, there is a $465,359 decrease in Categorical Aid (State) specifically in Social Services, resulting from lower expenditures. A decrease of $178,981 is noted in Charges for Services for detention within the City Jail and Adult and Juvenile Detention. Nearly all other revenue categories are at or near the prior year and are tracking well with budget at this point.

Expenditures at February 28 were $77,977,694 or 62.7% of budget. This is an increase of $3.6 million when compared to February 28, 2021. The net increase is due to the budgeted increase in and timing of transfers to schools offset by a decrease in the transfers to other funds and a net increase in departmental expenditures. Danville Public Schools has been drawing down local funds much more rapidly this year than last with the resumption of in-person instruction but will not exceed budgeted amounts.

Departmental expenditures at the end of February show an increase of $1.3 million from last year. Most significantly, in the prior fiscal year we allocated one month of public safety salaries to CARES Act funding which amounted to approximately $1 million. Offsetting the increase in public safety is a decrease within community development related to debt service for the IDA. The IDA will be using proceeds from the sale of the Schoolfield property to cover debt service in FY 2022 and FY 2023.

Overall, General Fund expenditures exceeded revenues by $8,705,772 at February 28. A deficit is typical for much of the fiscal year in the General Fund because the timing of the revenue recognition is not matched to expenditures. The next influx of revenue will occur in May and June once real estate and personal property tax bills are mailed.

At this point, the General Fund is performing well with several revenues exceeding budgeted expectations and departmental expenditures trailing the budget. We will continue to monitor the financial performance in the General Fund and alert you of any significant developments

CITY OF DANVILLE, VIRGINIA
GENERAL FUND REPORT
67% OF YEAR LAPSED AS OF FEBRUARY 28, 2022
****PRE-CLOSING FIGURES - SUBJECT TO CHANGE - UNAUDITED****

	Budgets & Appropriations For Current Year	Actual Revenues & Expenditures For Year-to-Date	Percent Realized/Expended This Year	Encumbrances	Balance to be Realized/Expended	Actual Revenues & Expenditures At This Date Last Year
REVENUES:						
Property Taxes	$ 35,212,000	$ 18,410,505	52.28%		$ 16,801,495	$ 17,251,030
Other Local Taxes	29,064,030	19,820,493	68.20%		9,243,537	17,081,941
License Permits & Privilege Fees	1,196,690	352,385	29.45%		844,305	159,823
Fines & Forfeitures	338,050	136,274	40.31%		201,776	158,013
Revenue From Use Money & Property	1,171,779	1,102,259	94.07%		69,520	792,636
Charges For Services	3,295,520	1,887,465	57.27%		1,408,055	2,066,447
Miscellaneous Revenue	306,170	148,723	48.58%		157,447	195,884
Recovered Cost	8,128,990	4,859,783	59.78%		3,269,207	4,958,731
Non-Categorical Aid	5,726,620	3,095,381	54.05%		2,631,239	3,364,979
Shared Expenses (Categ. Aid State)	5,260,160	3,535,627	67.22%		1,724,533	3,357,669
Categorical Aid (State)	9,587,440	4,716,700	49.20%		4,870,740	5,182,059
Emergency Services (Federal)	27,020	-	0.00%		27,020	-
Categorical Aid (Federal)	-	6,630			(6,630)	10,754
Transfers From Utilities/Cap Project	16,369,363	11,199,696	68.42%		5,169,667	10,235,333
TOTAL REVENUES	**$ 115,683,832**	**$ 69,271,922**	**59.88%**		**$ 46,411,910**	**$ 64,815,300**
EXPENDITURES:						
General Government Administration	$ 12,102,327	$ 7,771,376	64.21%	$ 606,477	$ 4,330,951	$ 7,460,066
Judicial Administration	7,546,002	4,955,553	65.67%	9,745	2,590,449	4,805,121
Public Safety	32,962,488	20,097,150	60.97%	369,559	12,865,338	19,144,506
Public Works	4,641,926	2,750,201	59.25%	121,241	1,891,725	2,737,298
Health, Education, Welfare & Soc. Svc.	9,358,540	4,391,225	46.92%	75,460	4,967,315	4,393,147
Parks, Recreation & Cultural	5,484,032	3,043,525	55.50%	111,625	2,440,508	2,811,993
Community Development	2,110,985	1,044,585	49.48%	243,670	1,066,400	1,407,723
Non-Departmental	13,025,009	8,427,561	64.70%	208	4,597,448	7,917,804
Transfer to Schools - Operating	33,606,300	23,506,799	69.95%	10,099,501	10,099,501	17,264,301
Transfer to Capital Projects	2,013,230	706,483	35.09%	-	1,306,747	3,694,870
Transfer to Other Funds	1,614,940	1,283,236	79.46%	-	331,704	2,708,909
TOTAL EXPENDITURES	**$ 124,465,781**	**$ 77,977,694**	**62.65%**	**$ 11,637,485**	**$ 46,488,086**	**$ 74,345,737**
Revenue over(under) Expenditures		$ (8,705,772)				$ (9,530,437)
FUND BALANCE:						
Beginning Fund Balance 07/01/2021		$ 47,090,495				$ 43,310,847
Revenue over(under) Expenditures		(8,705,772)				(9,530,437)
Ending Fund Balance 02/28/2022		**$ 38,384,723**				**$ 33,780,410**
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		$ 16,113,199				$ 10,156,213
Unassigned		22,271,524				23,624,197
TOTAL FUND BALANCE 02/28/2022		**$ 38,384,723**				**$ 33,780,410**

City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending February 28, 2022

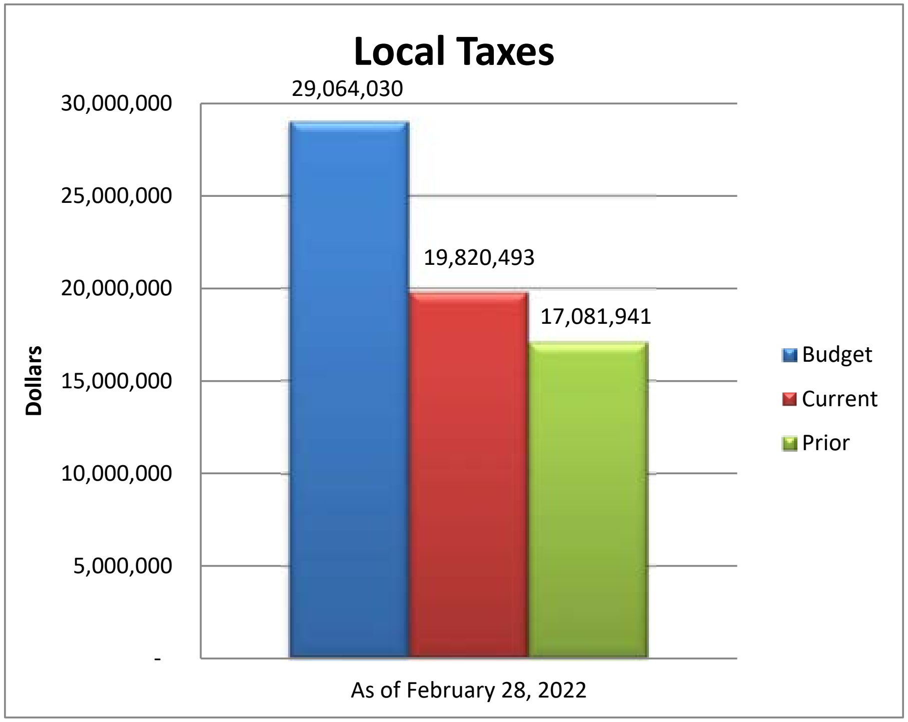
Description	Current Budget	Revenue Realized	Percentage Realized	Prior Year Budget	Prior Year Realized	Percentage Prior Year
Sales Tax	$ 10,115,880	$ 7,361,202	72.77%	$ 9,150,000	$ 6,769,884	73.99%
Business Licenses	5,450,000	3,157,696	57.94%	5,250,000	2,434,885	46.38%
Meals Tax	8,471,320	6,528,938	77.07%	8,645,000	5,514,782	63.79%
Utility Taxes	940,000	621,565	66.12%	967,000	611,404	63.23%
Vehicle License Fees	1,000,000	277,071	27.71%	990,000	280,118	28.29%
Bank Stock Tax	940,000	4,902	0.52%	900,000	-	0.00%
Recordation Tax	200,000	246,441	123.22%	180,000	260,563	144.76%
Hotel Motel Tax	1,511,630	1,348,082	89.18%	1,600,000	946,045	59.13%
Daily Property Rental Tax	13,200	12,205	92.47%	15,000	9,594	63.96%
Motor Vehicle Tax	162,000	137,483	84.87%	175,000	134,681	76.96%
DMV Fees	260,000	124,908	48.04%	245,000	119,986	48.97%
TOTAL	$ 29,064,030	$ 19,820,493	68.20%	$ 28,117,000	$ 17,081,941	60.75%

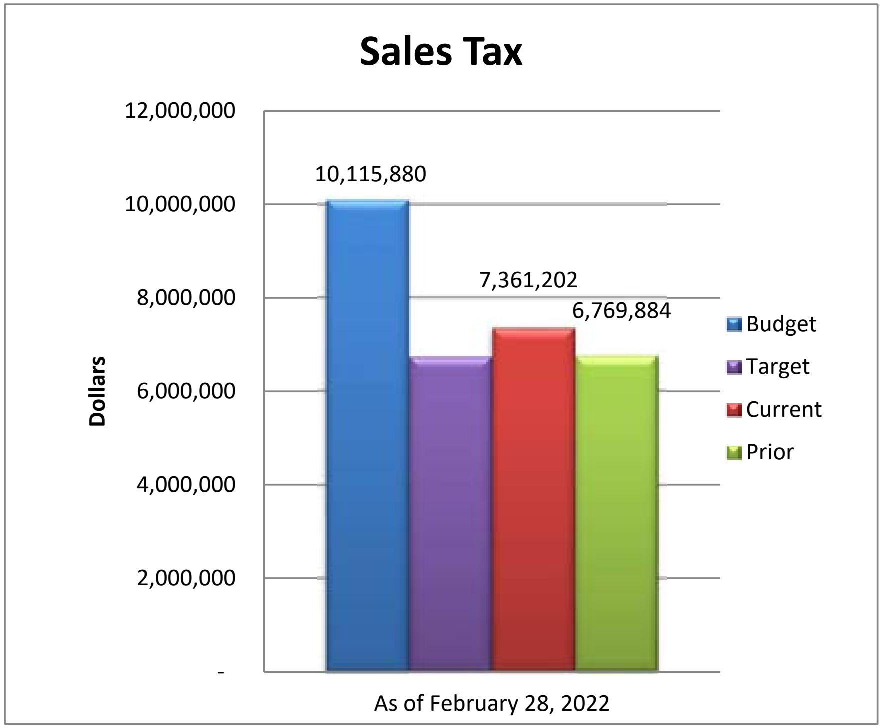
CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF FEBRUARY 28, 2022

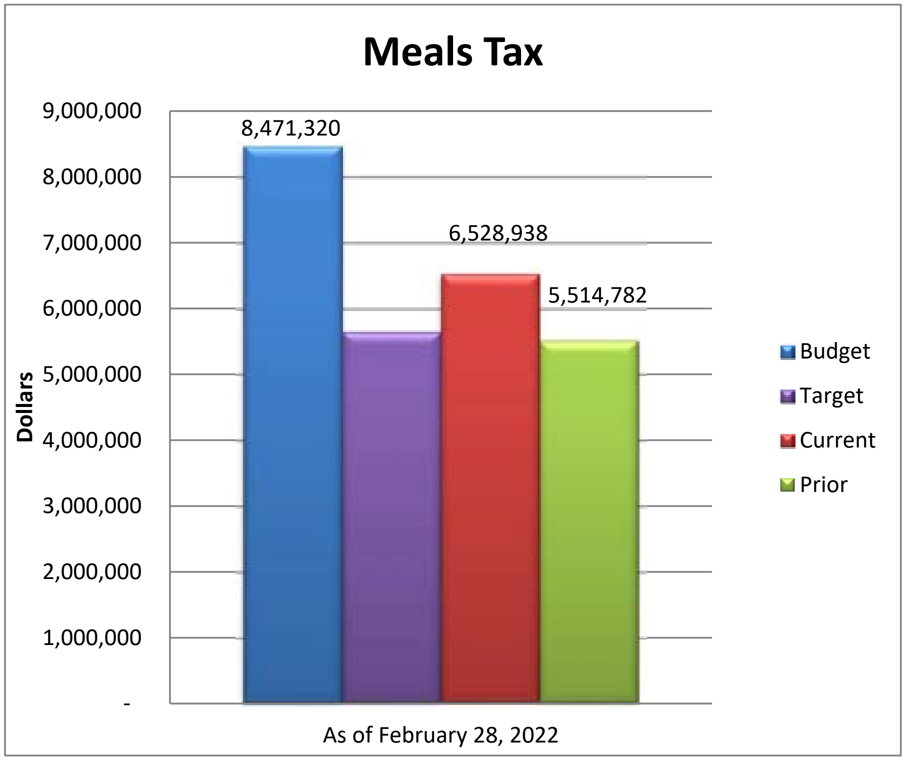
Beginning Total Fund Balance, July 1, 2021	$ 47,090,495.25
Add: General Fund Revenues	69,271,921.92
Deduct: General Fund Expenditures	(77,977,694.30)
Ending Total Fund Balance, February 28, 2022	$ 38,384,722.87

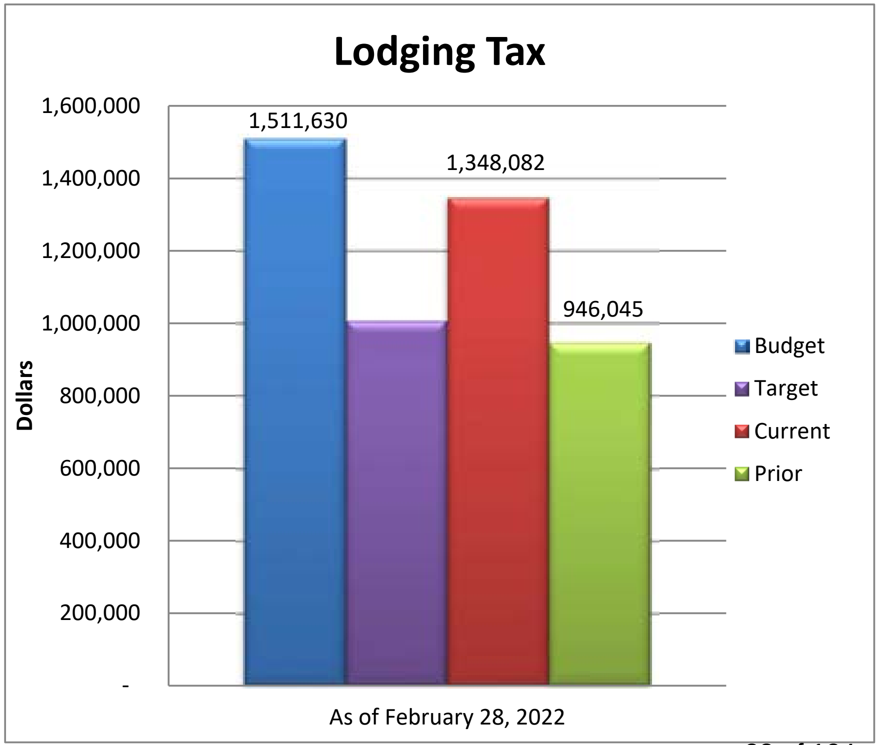
Composition of Fund Balance:	
Restricted for Commonwealth Attorney	$ 102,056.79
Restricted for Police Department	33,612.66
Restricted for Fire Department	117,724.87
Committed for Sheriff's Department	115.34
Committed to Schools	10,099,501.00
Committed to Budget Stabilization	3,000,000.00
Assigned to Community Development	10,568.12
Assigned for Encumbrances	1,537,984.21
Nonspendable (Inventory and Prepaids)	1,211,635.76
UNASSIGNED	**22,271,524.12**
Total Fund Balance, February 28, 2022	$ 38,384,722.87

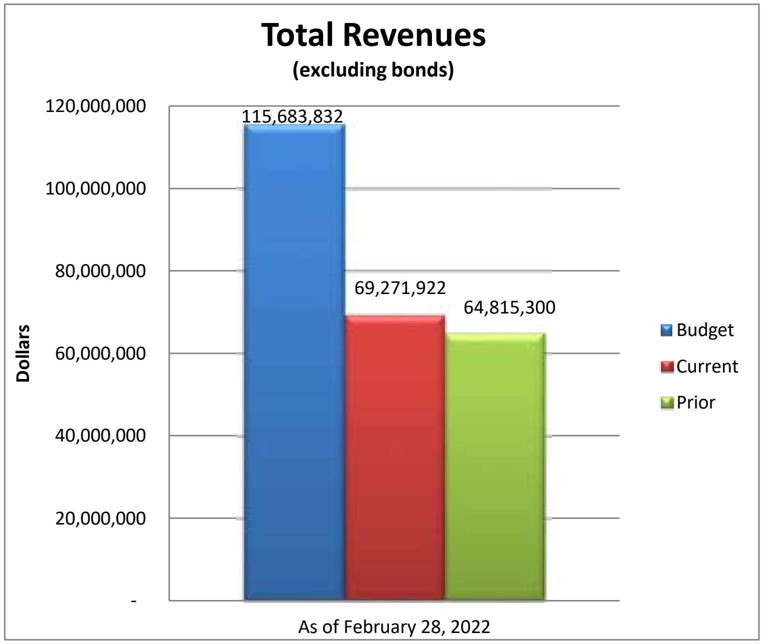
Unassigned fund balance from above	$ 22,271,524.12
Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2022 budget	23,136,766.40
Current surplus (deficit) over (under) minimum	$ (865,242.28)

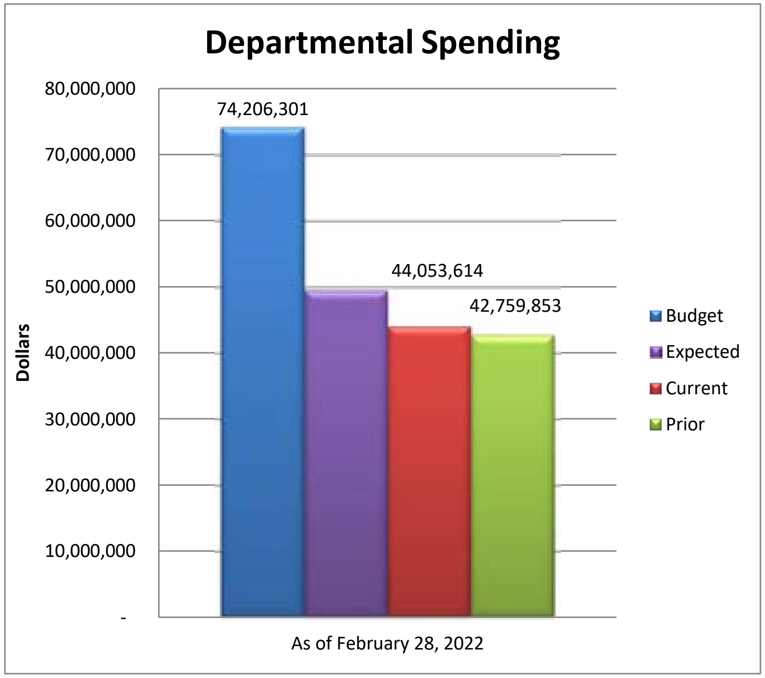

Local Taxes
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Dollars
29,064,030
19,820,493
17,081,941
Budget
Current
Prior
As of February 28, 2022

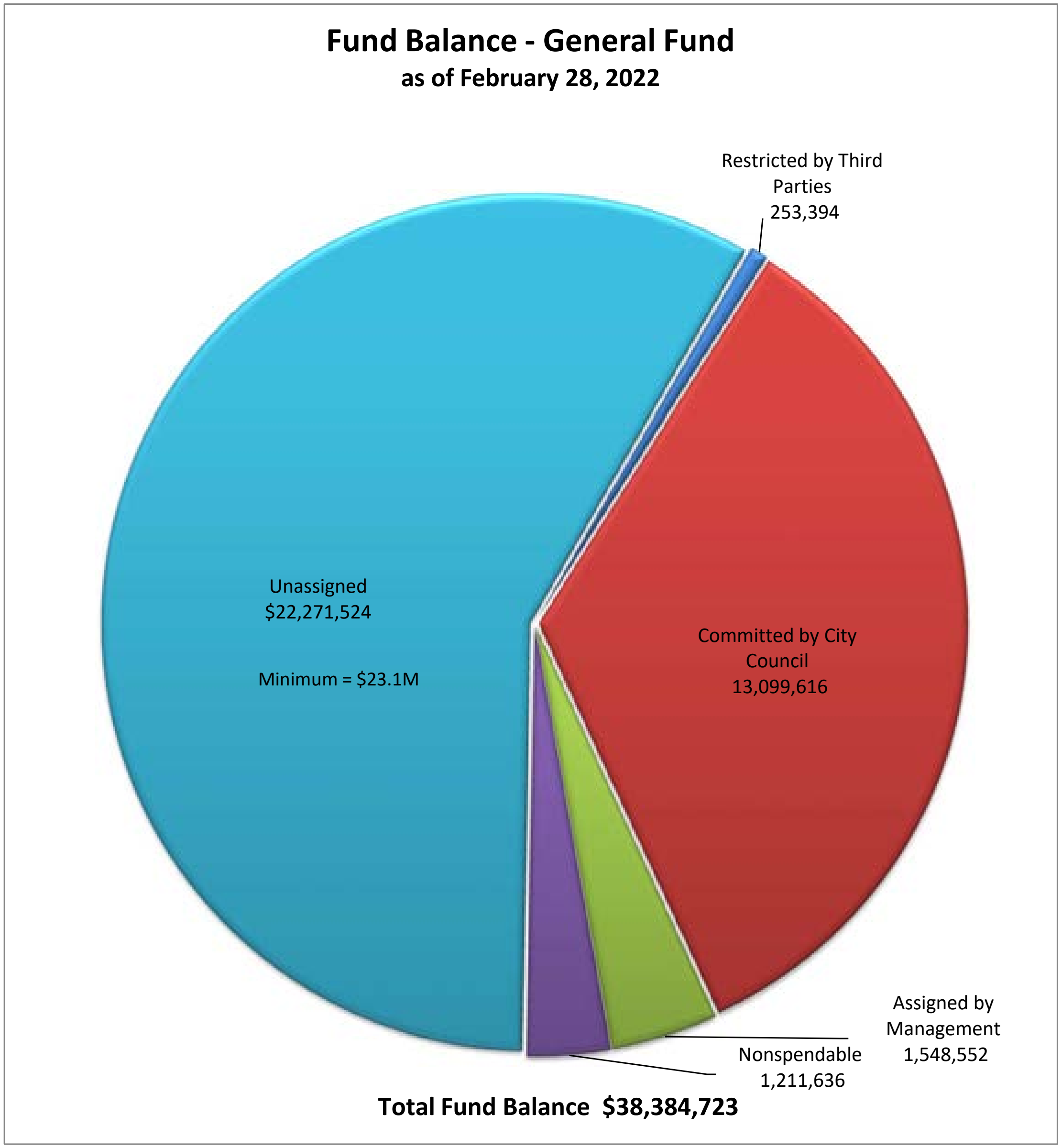

Sales Tax
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Dollars
10,115,880
7,361,202
6,769,884
Budget
Target
Current
Prior
As of February 28, 2022


Meals Tax
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Dollars
8,471,320
6,528,938
5,514,782
Budget
Target
Current
Prior
As of February 28, 2022


Lodging Tax
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Dollars
1,511,630
1,348,082
946,045
Budget
Target
Current
Prior
As of February 28, 2022


Total Revenues
(excluding bonds)
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
-
Dollars
115,683,832
69,271,922
64,815,300
Budget
Current
Prior
As of February 28, 2022


Departmental Spending
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Dollars
74,206,301
44,053,614
42,759,853
Budget
Expected
Current
Prior
As of February 28, 2022


Fund Balance - General Fund
as of February 28, 2022
Restricted by Third Parties 253,394
Unassigned $22,271,524
Minimum = $23.1M
Committed by City Council 13,099,616
Assigned by Management 1,548,552
Nonspendable 1,211,636
Total Fund Balance $38,384,723

Council Letter
City of Danville, Virginia

CL-2704 **New Business B.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: School Bond Issuance

From: Michael Adkins, Director of Finance

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

In November 2021, the citizens of Danville voted to approve the issuance of General Obligation Bonds for the purpose of funding school capital needs in an amount not to exceed $141 million, with the recently passed 1% local sales tax option as the funding source for the related debt service. City staff has worked closely with our financial advisors at Davenport & Company to structure an appropriately sized bond issuance that will provide immediate funding for significant capital improvements in Danville public schools. Passing the attached resolution is the final formal action needed from City Council to proceed with the issuance of these bonds.

BACKGROUND

The Virginia General Assembly approved HB 1634, which was signed into law by the Governor on March 19, 2019, and which took effect on July 1, 2019, as Chapter 648 of the 2019 Acts of the General Assembly of the Commonwealth of Virginia. HB 1634 is codified at Virginia Code §58.1-605.1. It provides the City of Danville with the statutory authority to levy a general retail sales tax at a rate not to exceed one percent (1%) to provide revenue solely for capital projects for the construction or renovation of schools in the City of Danville if approved by a majority of the voters in a referendum, held in accordance with Virginia Code §24.2-684 and initiated by a resolution of the Council of the City of Danville. This resolution was passed by City Council on June 1, 2021 and the citizens of Danville voted to approve this in November 2021.

After analyzing the revenue that is expected to be generated by this 1% local option sales tax, and working with Davenport & Company, it has been determined that general obligation bonds in an amount of $129 million should be issued, subject to change with interest rate changes. The resulting debt service will be covered in full by the 1% local option sales tax revenue, with any excess revenue being used for pay-as-you-go school capital needs.

RECOMMENDATION

Staff recommends City Council to adopt the attached Resolution to issue bonds for Danville Public Schools capital projects.

Attachments

PRESENTED: ____________________

ADOPTED: ______________________

RESOLUTION 2022-____.____

A RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD BY THE CITY OF DANVILLE, VIRGINIA, OF ITS GENERAL OBLIGATION SCHOOL BONDS, SERIES 2022, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF $141,000,000 AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF.

WHEREAS, by ordinance adopted on August 5, 2021 (the “Bond Ordinance”), the City Council (the “Council”) of the City of Danville, Virginia (the “City”) (a) authorized the issuance of general obligation school bonds in the maximum aggregate principal amount of $141,000,000 to finance a program of capital improvement projects involving the renovation of, and construction of additions to, Danville public schools (the “Projects”), subject to the approval of the voters at a special election, and (b) requested the Circuit Court of the City of Danville to order a special election on the issuance of such bonds; and

WHEREAS**,** pursuant to a special election held on November 2, 2021 (the “Election”), the qualified voters of the City approved the issuance of general obligation school bonds of the City in the maximum aggregate principal amount of $141,000,000 to finance the Projects, none which of bonds have been issued and sold; and

WHEREAS**,** at the Election pursuant to a separate question, the qualified voters of the City also approved the levy of a general retail sales tax not to exceed one percent (1%) (the “Supplemental Sales Tax”) to provide funds to pay the costs of the Projects (which tax must expire no later than May 31, 2041); and

WHEREAS**,** by ordinance adopted on December 21, 2021, as reaffirmed by ordinance adopted on March 1, 2022, the Council levied the Supplemental Sales Tax in the amount of one percent (1%); and

WHEREAS, the Council desires to issue up to $141,000,000 principal amount of the general obligation school bonds (as further described herein, the “Bonds”) authorized by the Bond Ordinance and approved by the qualified voters of the City pursuant to the Election, and use the proceeds to finance the Projects and to pay issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds); and

WHEREAS, although the Bonds will be issued as general obligations of the City, debt service on the Bonds is intended to be paid primarily from the revenues received by the City from the collection of the Supplemental Sales Tax; and

WHEREAS, the City's administration, in collaboration with Davenport & Company LLC, acting as the City's financial advisor (the "Financial Advisor"), has recommended that the City pursue the sale of the Bonds through one of the following methods: (a) a public offering through a competitive sale (a "Competitive Sale") or (b) a public offering through a negotiated underwriting (a "Negotiated Sale") (in either of such funding options, the underwriter(s) of the Bonds shall be referred to herein as the "Underwriter").

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA:

1. Issuance and Sale of Bonds. (a) Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, and in accordance with the authorization of the Bond Ordinance and the approval of the qualified voters pursuant to the Election, the Council hereby provides for the issuance and sale of the Bonds in an aggregate principal amount not to exceed $141,000,000 to finance the Projects and to pay issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds).

(b) The Council determines that the average probable period of usefulness of the Projects is at least 20 years, but in no circumstance shall the average probable period of usefulness be deemed to be more than 30 years.

2. Bond Details. (a) The Bonds shall be designated "General Obligation School Bonds, Series 2022," or such other designation as may be determined by the City Manager (which term shall include the Deputy City Manager for purposes of this Resolution), shall be dated such date as determined by the City Manager, shall be in registered form, in denominations of $5,000 and integral multiples thereof, and shall be numbered R-1 upward. Subject to the provisions and limitations of this Resolution, the Council authorizes the City Manager to undertake the issuance and sale of the Bonds and to determine the final pricing terms of the Bonds as he shall deem to be in the best interests of the City; provided, however, that the Bonds (i) shall be issued in an aggregate principal amount not exceeding the limit set forth in Section 1(a), (ii) shall have a "true" or "Canadian" interest cost not to exceed 5.00% (taking into account any original issue discount or premium), (iii) shall be sold at a price not less than 98% of the principal amount thereof (excluding any original issue discount or premium), and (iv) shall mature, or be subject to mandatory sinking fund redemption in annual installments, in years ending no later than December 31, 2041.

(b) Principal of the Bonds shall mature, or be subject to mandatory sinking fund installments, annually on dates determined by the City Manager. Each Bond shall bear interest from its dated date at such fixed rate as shall be determined at the time of sale, calculated on the basis of a 360-day year of twelve 30-day months, and payable semiannually on dates determined by the City Manager. Principal and premium, if any, shall be payable to the registered owners upon surrender of Bonds as they become due at the office of the Registrar (as hereinafter defined). Interest shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the registration books kept by the Registrar on a date prior to each interest payment date that shall be determined by the City Manager (the "Record Date"); provided, however, that at the request of the registered owner of the Bonds, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner. If any payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the stated payment date, and no additional interest shall accrue. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

3. Methods of Sale; Award of Bonds. (a) The Bonds shall be sold through either a Competitive Sale or a Negotiated Sale, as the City Manager shall determine to be in the best interests of the City.

(b) If the City Manager determines that the Bonds shall be sold through a Competitive Sale, the City Manager is authorized, on behalf of the City and in collaboration with the Financial Advisor, to take all proper steps to advertise such Bonds for sale, to receive public bids and to award such Bonds to the bidder providing the lowest "true" or "Canadian" interest cost, subject to the limitations set forth in Section 2. Following a Competitive Sale, the City Manager shall file a certificate with the Clerk of Council setting forth the final terms of such Bonds. The actions of the City Manager in selling the Bonds by Competitive Sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Council.

(c) If the City Manager determines that the Bonds shall be sold through a Negotiated Sale, the City Manager is authorized, on behalf of the City and in collaboration with the Financial Advisor, to choose one or more investment banking firm(s) to serve as the Underwriter for such Bonds and to execute and deliver to such Underwriter a bond purchase agreement reflecting the final terms of the Bonds. The bond purchase agreement shall be in a form approved by the City Manager, in collaboration with the City Attorney, the Financial Advisor and the City's bond counsel, and the City Manager shall file a copy of the executed bond sale agreement with the Clerk of Council. The actions of the City Manager in selling the Bonds by Negotiated Sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Council.

(d) Following the determination of which method of sale shall be used, the City Manager is authorized to determine (i) the principal amount of the Bonds, subject to the limitations set forth in Section 1(a), (ii) the interest rates of the Bonds, the maturity schedule of the Bonds, and the aggregate price to be paid for the Bonds by the Underwriter thereof, subject to the limitations set forth in Section 2, (iii) the redemption provisions of the Bonds, subject to the limitations set forth in Section 5, and (iv) the dated date, the principal and interest payment dates and the Record Dates of the Bonds, all as the City Manager determines to be in the best interests of the City.

4. Securities Depository Provisions. (a) Initially, one Bond certificate for each maturity of the Bonds shall be issued to and registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. The City has heretofore entered into a Blanket Letter of Representations relating to a book-entry system to be maintained by DTC with respect to the Bonds. The defined term "Securities Depository" shall mean DTC or any other securities depository for the Bonds appointed pursuant to this Section.

(b) In the event that (i) the Securities Depository determines not to continue to act as the securities depository for the Bonds by giving notice to the Registrar, and the City discharges the Securities Depository of its responsibilities with respect to the Bonds, or (ii) the City in its sole discretion determines (A) that beneficial owners of the Bonds shall be able to obtain certificated Bonds or (B) to select a new Securities Depository, then its Director of Finance (which term, for purposes of this Resolution, shall include such other chief financial officer of the City serving in the same or similar capacity as the Director of Finance) shall, at the direction of the Council, attempt to locate another qualified securities depository to serve as Securities Depository and authenticate and deliver certificated Bonds to the new Securities Depository or its nominee, or authenticate and deliver certificated Bonds to the beneficial owners or to the Securities Depository participants on behalf of beneficial owners substantially in the form provided for in Section 7; provided, however, that such form shall provide for interest on the Bonds to be payable from the date of the Bonds if they are authenticated prior to the first interest payment date, or otherwise from the interest payment date that is or immediately precedes the date on which the Bonds are authenticated (unless payment of interest thereon is in default, in which case interest on the Bonds shall be payable from the date to which interest has been paid). In delivering certificated Bonds, the Director of Finance shall be entitled to rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such certificated Bonds will then be registrable, transferable and exchangeable as set forth in Section 9.

(c) So long as there is a Securities Depository for the Bonds (i) it or its nominee shall be the registered owner of the Bonds; (ii) notwithstanding anything to the contrary in this Resolution, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository; (iii) the Registrar and the City shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants; (iv) references in this Resolution to registered owners of the Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Bonds; and (v) in the event of any inconsistency between the provisions of this Resolution and the provisions of the above-referenced Blanket Letter of Representations, such provisions of the Blanket Letter of Representations, except to the extent set forth in this subsection and subsection 4(b), shall control.

5. Redemption Provisions. (a) Subject to the limitations contained herein, the City Manager is authorized to determine the redemption provisions of the Bonds, including provisions for optional, extraordinary and mandatory sinking fund redemption.

(b) The Bonds may be subject to redemption prior to maturity at the option of the City at any time on or after the dates, if any, determined by the City Manager, in whole or in part, at redemption price(s) that the City Manager determines to be in the best interests of the City based on financial market conditions, together with any interest accrued to the date fixed for redemption. Such redemption price terms may include traditional redemption prices not to exceed 103% of the principal amount to be redeemed, as well as “make whole” redemption prices.

(c) Any Bonds sold as term bonds may be subject to mandatory sinking fund redemption upon terms determined by the City Manager.

(d) If less than all of the Bonds are called for redemption, the maturities of the Bonds (or portions thereof) to be redeemed shall be selected by the Director of Finance in such manner as such officer may determine to be in the best interests of the City. If less than all of a maturity of the Bonds is called for redemption, the Bonds (or the portions thereof) within such maturity to be redeemed shall be selected by the Securities Depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (i) the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and (ii) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by $5,000. The City shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owner(s) of such Bonds. The City shall not be responsible for giving notice of redemption to anyone other than DTC or another qualified securities depository then serving or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

(e) In the case of an optional redemption, the notice may state that (i) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, no later than the date fixed for redemption or (ii) the City retains the right to rescind such notice on or prior to such fixed redemption date (in either case, a “Conditional

Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any Conditional Redemption may be rescinded at any time. The City shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a Conditional Redemption, the failure of the City to make funds available on or before the date fixed for redemption shall not constitute an event of default, and the City shall give immediate notice to all organizations registered with the Securities and Exchange Commission (the "SEC") as securities depositories or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

6. Execution and Authentication. The Bonds shall be signed by the manual or facsimile signatures of the Mayor and the City Treasurer, the City's seal shall be affixed thereto and shall be attested by the manual or facsimile signature of the City Clerk (which term shall include any Deputy or Assistant City Clerk for purposes of this Resolution); provided, however, that no Bond signed by facsimile signatures shall be valid until it has been authenticated by the manual signature of the Registrar or, if a bank has been appointed registrar pursuant to Section 9, an authorized officer or employee of the Registrar and the date of authentication noted thereon.

7. Bond Form. The Bonds shall be in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing the Bonds, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds.

8. Pledge of Full Faith and Credit; Application of Supplemental Sales Tax Revenues. (a) The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

(b) As described in the Recitals hereto, revenues received by the City from the collection of the Supplemental Sales Tax shall be applied to pay debt service on the Bonds or other capital expenditures for school purposes.

9. Registration, Transfer and Owners of Bonds. The Bonds shall be issued in registered form without coupons, payable to the registered holders or registered assigns. The City Treasurer is hereby appointed paying agent and registrar for the Bonds (the "Registrar"). The City Manager is authorized, on behalf of the City, to appoint a qualified bank or trust company as successor paying agent and registrar of the Bonds if at any time the City Manager determines such appointment to be in the best interests of the City. The Registrar shall maintain registration books for the registration of the Bonds and transfers thereof. Upon presentation and surrender of any Bonds to the Registrar, or its corporate trust office if the Registrar is a bank or trust company, together with an assignment duly executed by the registered owner or the owner's duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate, if required by Section 6, and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate, and registered in the name(s) as requested by the then registered owner or the owner's duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of and premium, if any, and interest on the Bonds and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the registration books on the Record Date.

10. Official Statement. The draft Preliminary Official Statement describing the Bonds, copies of which have been made available to the Council prior to this meeting, is hereby approved as the form of the Preliminary Official Statement by which the Bonds may be offered for sale to the public; provided that the City Manager, in collaboration with the Financial Advisor, may make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as the City Manager may consider to be in the best interests of the City. After the Bonds have been sold, the City Manager, in collaboration with the Financial Advisor, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement. In addition, the City shall arrange for the delivery to the Underwriter of a reasonable number of printed copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells Bonds.

11. Official Statement Deemed Final. The City Manager is authorized, on behalf of the City, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the "Rule") of the SEC, except for the omission in the Preliminary Official Statement of certain pricing and other information permitted to be omitted pursuant to the Rule. The distribution of the Preliminary Official Statement and the execution and delivery of the Official Statement in final form shall be conclusive evidence that each has been deemed final as of its date by the City, except for the omission in the Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to the Rule.

12. Preparation and Delivery of Bonds. After the Bonds have been awarded, the Mayor, the City Manager, the City Treasurer and the City Clerk are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the Underwriter upon payment therefor.

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

14. Non-Arbitrage Certificate and Elections. Such officers of the City as may be requested by the City's bond counsel are authorized and directed to execute an appropriate certificate setting forth (a) the expected uses and investment of the proceeds of the Bonds in order to show that such expected uses and investment will not violate the provisions of Section 148 of the Code and (b) any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate shall be prepared in consultation with the City's bond counsel, and such elections shall be made after consultation with bond counsel.

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

16. Deposit of Bond Proceeds. The City Treasurer is authorized and directed to provide for delivery of the proceeds of the Bonds to or at the direction of the City in such manner as necessary to pay the costs of the Projects and to pay the issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds).

17. SNAP Investment Authorization. The Council has previously received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool (the "Contract"), and the Council hereby authorizes the Director of Finance in his discretion to use SNAP in connection with the investment of the proceeds of the Bonds. The Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

18. Continuing Disclosure Agreement. The Mayor, the City Manager and such officer or officers of the City as either may designate, any of whom may act, are hereby authorized and directed to execute a continuing disclosure agreement (the "Continuing Disclosure Agreement") setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary to assist the Underwriter in complying with the provisions of the Rule promulgated by the SEC. The Continuing Disclosure Agreement shall be substantially in the form appearing as an appendix to the draft Preliminary Official

Statement described above, which agreement is hereby approved for purposes of the Bonds; provided that the City Manager, in collaboration with the Financial Advisor, may make such changes in the Continuing Disclosure Agreement not inconsistent with this Resolution as the City Manager may consider to be in the best interests of the City. The execution thereof by such officers shall constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes.

19. Other Actions. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the financing of the Projects are hereby ratified, approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds and the financing of the Projects.

20. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

21. Effective Date. This Resolution shall take effect immediately.

APPROVED:

____
Mayor

ATTEST:

____
City Clerk

Approved as to
Form and Legal Sufficiency:

____
City Attorney

EXHIBIT A

[FORM OF BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED	**REGISTERED**
No. R-____	**$__________**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE

General Obligation School Bond,

Series 2022

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	__________, ____	_________, 2022	______ ___

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **DOLLARS**

The City of Danville, Virginia (the "City"), for value received, promises to pay, upon surrender hereof to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay interest hereon from its date semiannually on each _______ and ___________, beginning __________, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Principal, premium, if any, and interest are payable in lawful money of the United States of America by the City Treasurer, who has been appointed paying agent and registrar for the bonds, or by such bank or trust company as may be appointed by the City Manager as successor paying agent and registrar (the "Registrar"). If any payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the stated payment date, and no additional interest shall accrue.

Notwithstanding any other provision hereof, this bond is subject to a book-entry system maintained by The Depository Trust Company ("DTC"), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the City's Blanket Letter of Representations to DTC.

This bond is one of an issue of $___________ General Obligation School Bonds, Series 2022, of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991. The bonds have been approved by the qualified voters of the City pursuant to an election held on November 2, 2021, and have been authorized and issued pursuant to an ordinance adopted by the Council of the City (the "Council") on [______ __, 2021], and a resolution adopted by the Council on March 15, 2022, to (a) finance a program of capital improvement projects involving the renovation of, and construction of additions to, Danville public schools, and (b) pay issuance and financing costs incurred in connection with the bonds (including certain capitalized interest on the bonds).

The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property within the City sufficient to pay when due the principal of and premium, if any, and interest on this bond.

Bonds maturing on or before ________, 20__, are not subject to redemption prior to maturity. Bonds maturing on or after __________, 20__, are subject to redemption prior to maturity at the option of the City at any time on or after ___________, 20__, in whole or in part (in any multiple of $5,000), upon payment of the following redemption prices (expressed as a percentage of principal amount of bonds to be redeemed) plus interest accrued and unpaid to the date fixed for redemption:

Period During Which Redeemed (Both Dates Inclusive)	**Redemption Price**

[Bonds maturing on ___________, 20__, are required to be redeemed in part before maturity by the City on ___________ in the years and amounts set forth below, at a redemption price equal to the principal amount of the bonds to be redeemed, plus accrued interest to the date fixed for redemption:

Year	**Amount**	**Year**	**Amount]**

If less than all of the bonds are called for redemption, the bonds (or the portions thereof) to be redeemed shall be selected by the Director of Finance (which term shall include such other chief financial officer of the City serving in the same or similar capacity as the Director of Finance) in such manner as such officer may determine to be in the best interests of the City. If less than all of the bonds of any maturity are called for redemption, the bonds (or the portions thereof) within such maturity to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any bond to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof and (b) in selecting bonds for redemption, each bond shall be considered as representing that number of bonds that is obtained by dividing the principal amount of such bond by $5,000. The City shall cause notice of the call for redemption identifying the bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owner hereof. If a portion of this bond is called for redemption, a new bond in the principal amount of the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

In the case of an optional redemption, the notice may state that (a) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, no later than the date fixed for redemption or (b) the City retains the right to rescind such notice on or prior to the date fixed for redemption (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any Conditional Redemption may be rescinded at any time. The City shall give prompt notice of such rescission to the holders of the affected bonds. Any bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a Conditional Redemption, the failure of the City to make funds available on or before the date fixed for redemption shall not constitute an event of default, and the City shall give immediate notice to all organizations registered with the Securities and Exchange Commission as securities depositories or the holders of the affected bonds that the redemption did not occur and that the bonds called for redemption and not so paid remain outstanding.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal of and premium, if any, and interest on this bond and the exercise of all others rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the ___ day of the month [preceding] [in which] each interest payment [is due].

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in connection with the issuance of this bond have happened, exist and have been performed, and the issue of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the City of Danville, Virginia, has caused this bond to be to be signed by its Mayor and its City Treasurer, its seal to be affixed hereto and attested by its City Clerk, and this bond to be dated the date first above written.

(SEAL)

____
Mayor, City of Danville, Virginia

____
City Treasurer, City of Danville, Virginia

(ATTEST)

____
City Clerk,
City of Danville, Virginia

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) unto ____(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

____

the within bond and all rights thereunder, hereby irrevocably constituting and appointing ____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: ________________

Signature Guaranteed

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

____
(Signature of Registered Owner)

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

PRELIMINARY OFFICIAL STATEMENT DATED [_______ __, 2022]

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: Moody's: "[Aa1/Aa3]"
S&P: "[AA-]"
Fitch: "[AA-]"
(See "RATINGS")

In the opinion of Bond Counsel, under current law and subject to conditions described in the section "Tax Exemption" in Section Two, interest on the Bonds (as defined herein) (1) is not included in gross income for federal income tax purposes, (2) is not an item of tax preference for purposes of the federal alternative minimum income tax and (3) is exempt from income taxation by the Commonwealth of Virginia. See "THE BONDS - Tax Exemption" for certain provisions regarding the Internal Revenue Code of 1986, as amended, that may subject a holder to other federal tax consequences.

CITY OF DANVILLE, VIRGINIA

$[_______]*
General Obligation School Bonds,
Series 2022

Dated: Date of Delivery **Due: [September 1], as shown on the inside cover**

This Official Statement has been prepared by the City of Danville, Virginia (the "City"), to provide information on the City's $[_______]* General Obligation School Bonds, Series 2022 (the "Bonds"), the security therefor, the City and other relevant information. Selected information is presented on this cover page for the convenience of the reader. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

Security	The Bonds will be general obligations of the City to the payment of which its full faith and credit will be irrevocably pledged. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City Council is authorized and required to levy and collect annually an *ad valorem* tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds. *See "Security for and Sources of Payment of the Bonds" in Section Two.* [DISCUSS BEST WAY TO ADDRESS AVAILABILITY OF SUPPLEMENTAL SALES TAX]
Optional Redemption	The Bonds are subject to optional redemption as set forth herein. *See "Optional Redemption" in Section Two.*
Purpose	The proceeds of the Bonds will be used to finance a program of capital improvement projects involving the renovation of, and construction of additions to, the City's public schools and to pay issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds).
Interest Rates/Yields	See inside cover.
Interest Payment Dates	[March 1 and September 1], commencing [September 1, 2022].
Denominations	$5,000 or integral multiples thereof.
Record Dates	[February 15 and August 15.]
Closing/Delivery Dates	On or about April [__], 2022.
Registration	Full book-entry only; The Depository Trust Company, New York, New York.
Registrar/Paying Agent	City Treasurer.
Bond Counsel	Hunton Andrews Kurth LLP, Richmond, Virginia.
City Attorney	W. Clarke Whitfield, Jr., Esquire.
Conditions Affecting Issuance	The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Hunton Andrews Kurth LLP, Bond Counsel, and to certain other conditions referred to herein.

Official Statement Dated ______ __, 2022

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

* Preliminary, subject to change.

CITY OF DANVILLE, VIRGINIA

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

$[________]*
GENERAL OBLIGATION SCHOOL BONDS,
SERIES 2022

Maturity ([September 1])*	Principal Amount*	Interest Rate	Yield	Price	CUSIP** [236866]

*Preliminary, subject to change.
**Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF DANVILLE, VIRGINIA

CITY COUNCIL

Alonzo L. Jones, *Mayor*

James B. Buckner

Lawrence G. Campbell, Jr.

Bryant Hood

Barry P. Mayo

Dr. Gary P. Miller*, Vice Mayor*

Sherman M. Saunders

J. Lee Vogler

Madison J. R. Whittle

CERTAIN CITY OFFICIALS

Kenneth F. Larking
City Manager

Susan M. DeMasi
City Clerk

Michael L. Adkins
Director of Finance

W. Clarke Whitfield, Jr.
City Attorney

Bond Counsel

Hunton Andrews Kurth LLP
Richmond, Virginia

Financial Advisor

Davenport & Company LLC
Richmond, Virginia

Auditors

Brown, Edwards & Company, L.L.P.
Lynchburg, Virginia

The Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Bonds will also be exempt from registration under the securities laws of Virginia.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, and there shall be no sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, any sale made hereunder nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the City since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

Certain statements contained in this Official Statement, including but not limited to the information contained in Appendix A, reflect forecasts and forward-looking statements, rather than historical facts. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to differ materially from those stated in the forward-looking statements. All such forward-looking statements are expressly qualified by the cautionary statement in the preceding sentence, as well as any other disclaimers set forth in this Official Statement. The City does not plan to issue any updates or revisions to any such forward-looking statements.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (a) overallot in arranging the sales of the Bonds and (b) make purchases and sales of Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the underwriters may determine.

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OFFICIAL STATEMENT

CITY OF DANVILLE, VIRGINIA

$[________]*
General Obligation School Bonds,
Series 2022

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices hereto, is to furnish information in connection with the sale by the City of Danville, Virginia (the "City"), of its $[______]* General Obligation School Bonds, Series 2022 (the "Bonds"). The Bonds will be general obligations of the City to the payment of which the full faith and credit of the City are irrevocably pledged. Financial and other information contained in this Official Statement has been prepared by the City from its records (except where other sources are noted). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the City. [DISCUSS DISCLOSURE OF SPECIAL SALES TAX]

The Bonds will be offered for sale through competitive bidding on [______ __, 2022]. The Notice of Sale relating to the Bonds and describing the competitive bidding process is attached hereto as Appendix F.

The Issuer. Additional information regarding the City is provided in Appendix A to this Official Statement, entitled "THE CITY OF DANVILLE, VIRGINIA." **THE FINANCIAL AND OPERATING DATA CONTAINED IN APPENDIX A ARE AS OF THE DATES AND FOR THE PERIODS INDICATED. THE INFORMATION PRESENTED REFLECTS THE INITIAL IMPACTS OF THE OUTBREAK OF THE NOVEL CORONAVIRUS KNOWN AS "COVID-19" AND THE RESULTANT GLOBAL PANDEMIC ON THE CITY'S FINANCIAL CONDITION AND OPERATIONS THROUGH THE END OF THE FISCAL YEAR ENDED JUNE 30, 2021, EXCEPT AS OTHERWISE NOTED. NO ASSURANCE CAN BE GIVEN THAT THE IMPACTS OF THE COVID-19 PANDEMIC ON THE CITY'S FINANCIAL CONDITION AND OPERATIONS FOR THE CURRENT FISCAL YEAR OR FUTURE FISCAL YEARS WILL NOT BE MATERIALLY DIFFERENT FROM HISTORICAL RESULTS OR CURRENT BUDGET EXPECTATIONS. *SEE "CITY OF DANVILLE, VIRGINIA – RECENT DEVELOPMENTS" IN APPENDIX A.*** The audited financial statements for the City for the fiscal year ended June 30, 2021, are provided in Appendix B to this Official Statement.

The Bonds. The Bonds will be dated the date of their delivery, with principal payments due on [September 1] in the years set forth on the inside cover. The Bonds will be issued in authorized denominations of $5,000 and integral multiples thereof and will be held by The Depository Trust Company, New York, New York ("DTC"), or by its nominee as securities depository with respect to the Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry-Only System" and Appendix E.

Interest on the Bonds will be payable semi-annually on each [March 1 and September 1], commencing [September 1, 2022], until the earlier of maturity or redemption. As long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date.

Use of Proceeds. The City is issuing the Bonds to (a) finance a program of capital improvement projects involving the renovation of, and construction of additions to, the City's public schools and (b) pay issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds), all as further described in the subsection "Plan of Financing" in Section Two.

Redemption.* The Bonds maturing on or after [September 1, 2033], are subject to redemption prior to maturity at the option of the City at any time on or after [September 1, 2032], in whole or in part (in integral multiples of $5,000). A more complete description of the redemption features is provided in the subsections "Optional Redemption" and "Mandatory Sinking Fund Redemption" in Section Two.

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* Preliminary, subject to change.

Delivery. The Bonds are offered for delivery, when, as and if issued, subject to the approval of their validity by Hunton Andrews Kurth LLP, Bond Counsel, and to certain other conditions referred to herein. Certain legal matters will be passed upon for the City by the City Attorney, W. Clarke Whitfield, Jr., Esquire. It is expected that the Bonds will be available for delivery, at the expense of the City, in New York, New York, through the facilities of DTC, on or about April [__], 2022.

Auditors. The City's financial statements for the fiscal year ended June 30, 2021, are included as Appendix B to this Official Statement and have been audited by the independent public accounting firm of Brown, Edwards & Company, L.L.P. Such financial statements have been included in reliance upon the report of Brown, Edwards & Company, L.L.P. Since the date of its report included herein, Brown, Edwards & Company, L.L.P., has not been engaged to perform and has not performed any procedures on the financial statements addressed in that report. Brown, Edwards & Company, L.L.P., also has not performed any procedures relating to this Official Statement. The City's financial statements are available for inspection at the Office of the Director of Finance, 427 Patton Street, Danville, Virginia 24541.

Ratings. The Bonds have been rated as shown on the cover page hereto by Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; by S&P Global Ratings, 55 Water Street, New York, New York 10041; and by Fitch Ratings, One State Street Plaza, New York, New York 10004. A more complete description of the ratings are provided in the subsection "Ratings" in Section Three.

Financial Advisor. Davenport & Company LLC, Richmond, Virginia, is employed as Financial Advisor to the City in connection with the issuance of the Bonds. *See the subsection "Financial Advisor" in Section Three.*

Continuing Disclosure. The City has agreed to execute a Continuing Disclosure Agreement at closing to assist the underwriter in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the U.S. Securities and Exchange Commission (the "SEC") and as in effect on the date hereof, that requires the provision of certain annual financial information and event notices. *See the subsection "Continuing Disclosure" in Section Three.*

Additional Information. Any questions concerning the content of this Official Statement should be directed to Michael L. Adkins, Director of Finance, 427 Patton Street, Danville, Virginia 24541 (434-799-5186).

SECTION TWO: THE BONDS

Authorization of the Bonds

The Bonds are being issued pursuant to (1) the Constitution of the Commonwealth of Virginia (the "Commonwealth"), (2) the provisions of the Public Finance Act of 1991 (Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended), (3) the City Charter, (4) an ordinance adopted by the City Council on [August 5, 2021], (5) the approval of the qualified voters of the City pursuant to a special election held on November 2, 2021 (the "Election"), and (6) a resolution adopted by the City Council on [March 15, 2022] (the "Bond Resolution").

Description of the Bonds

The Bonds will be dated the date of their delivery and will mature on [September 1] in the years set forth on the inside cover. Interest on the Bonds will be payable on [March 1 and September 1], commencing [September 1, 2022], by check or draft mailed to the registered owners at their addresses as they appear on the registration books on the [February 15 and August 15] immediately preceding each [March 1 and September 1]; provided, however, that as long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date. If such interest payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the interest payment date, and no additional interest shall accrue. The registration books are kept by the City Treasurer, who has been appointed paying agent and registrar (the "Paying Agent").

Form and Denomination

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. One Bond certificate for each maturity will be issued to DTC, or its nominee, and immobilized in its custody. Beneficial Owners (as hereinafter defined) will not receive physical bond certificates representing their interests in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, references in this Official Statement to the owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. The Bond Resolution contains provisions applicable to periods when DTC or its nominee is not the registered owner. *See the subsection herein "Book-Entry-Only System."*

Optional Redemption*

The Bonds maturing on or before [September 1, 2032], are not subject to redemption prior to maturity. The Bonds maturing on or after [September 1, 2033], are subject to redemption prior to maturity at the option of the City at any time on or after [September 1, 2032], in whole or in part (in integral multiples of $5,000), upon payment of 100% of the Bonds to be redeemed plus interest accrued and unpaid to the date fixed for redemption.

Mandatory Sinking Fund Redemption*

Readers are advised to refer to the final Official Statement for the Bonds for the mandatory sinking fund redemption provisions of the Bonds should the winning bidder(s) structure the principal amortization of any Bonds as term bonds.

Manner of Redemption

If less than all of the Bonds are called for redemption, the maturities of the Bonds (or the portions thereof) to be redeemed will be selected by the chief financial officer of the City in such manner as such officer may determine to be in the best interests of the City.

If less than all of the Bonds of a maturity are called for redemption, the Bonds of such maturity (or the portions thereof) to be redeemed will be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book entry system is discontinued, by the Registrar by lot in such manner as the Registrar in its discretion may determine.

The portion of any Bond to be redeemed will be in the principal amount of $5,000 or some integral multiple thereof. In selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by $5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Notice of Redemption

The City shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the date fixed for redemption, to DTC, or its nominee, as the registered owner of the Bonds. The City shall not be responsible for giving notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be sent to the registered owners of the Bonds.

In the case of an optional redemption, the notice may state that (i) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, no later than the date fixed for redemption or (ii) the City retains the right to rescind such notice on or prior to the date fixed for redemption (in either

* Preliminary, subject to change.

case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. A Conditional Redemption may be rescinded at any time. The City shall give prompt notice of such rescission to the affected bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a Conditional Redemption, the failure of the City to make funds available on or before the date fixed for redemption shall not constitute an event of default, and the City shall give immediate notice to all organizations registered with the SEC as securities depositories or the affected bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Book-Entry-Only System

DTC will act as securities depository for the Bonds pursuant to a book-entry system. Information regarding DTC and its book-entry system appears as Appendix E. Such information has been provided by DTC, and the City assumes no responsibility for the accuracy or completeness of such information. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event Bond certificates will be printed and delivered.

Plan of Financing

The City plans to use the proceeds of the Bonds to (a) finance a program of capital improvement projects involving the renovation of, and construction of additions to, the City's public schools (the "Projects") and (b) pay issuance and financing costs incurred in connection with the Bonds (including certain capitalized interest on the Bonds).

The following table sets forth the anticipated application of the proceeds of the Bonds for the purposes described above:

Estimated Sources of Funds	
Par Amount of Bonds	
[Net] Original Issue [Premium/Discount]	
Total Sources	
Estimated Uses of Funds	
Deposit to Project Fund	
Costs of Issuance (including underwriting compensation)	
Total Uses	

Security for and Sources of Payment of the Bonds

The Bonds are general obligations of the City to the payment of which the City's full faith and credit are irrevocably pledged. While the Bonds remain outstanding and unpaid, the City Council is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect annually an *ad valorem* tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds.

Pursuant to the same Election at which the qualified voters of the City approved the issuance of the Bonds, the qualified voters of the City also approved the levy of a general retail sales tax not to exceed one percent (1%) (the "Supplemental Sales Tax") to provide funds to pay the costs of the Projects (which tax must expire no later than May 31, 2041). By ordinance adopted on [December ___, 2021/January __, 2022], the City Council levied the Supplemental Sales Tax in the amount of one percent (1%). The City currently intends to pay the debt service on the Bonds primarily from the revenues received from the collection of the Supplemental Sales Tax (the "Supplemental

Sales Tax Revenues"), but no Supplemental Sales Tax Revenues have been pledged to the payment of the Bonds and the holders of the Bonds will have no lien on or claim to any Supplemental Sales Tax Revenues.

Bondholders' Remedies in the Event of Default

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon an affidavit filed with the Governor of the Commonwealth by any holder of or paying agent for a general obligation bond in default as to payment of principal, premium, if any, or interest, the Governor shall conduct a summary investigation and, if satisfied that such default has occurred, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply the amount so withheld to payment of the defaulted principal, premium and interest.

Under the intercept provision, neither the State Comptroller nor the Commonwealth has any legal obligation to make any payment on behalf of the City other than from the funds appropriated and payable to the City. Commonwealth aid that is payable to the City and that is subject to interception is derived primarily from the Commonwealth's General Fund, with the remaining aid being payable from the Highway Maintenance and Construction Fund of the Virginia Department of Transportation and certain other funds.

Section 15.2-2659 also provides for notice to the registered owners of such bonds of the default and the availability of withheld funds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 (or its predecessor provisions Section 15.1-227.61 or Section 15.1-225) has ever been issued. Although no Virginia court has had occasion to review or approve Section 15.2-2659 (or its predecessor provisions), the Attorney General of Virginia has opined that appropriated funds may be withheld by the Commonwealth as a remedy for payment defaults under general obligation bonds, pursuant to the provisions of Section 15.1-225 (a predecessor provision to Section 15.2-2659). In the fiscal year ended June 30, 2021, of the approximately $[39,472,344] total direct appropriations paid by the Commonwealth to the City, approximately $[23,330,742] was deposited in the City's general fund and its transportation-related fund. The amount of aid appropriated by the Commonwealth to the City varies from year to year and may not in a particular year equal or exceed all of the payment obligations of the City potentially subject to the intercept provision.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies that would be available to a bondholder if the City defaults in the payment of principal of or interest on the Bonds, and neither the Bonds nor such proceedings provide for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such a default. Upon any default in the payment of principal or interest, a bondholder may, among other things, seek a writ of mandamus from an appropriate court requiring the City Council to levy and collect taxes as described above. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to levy and collect taxes and to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws and by equitable principles, which may limit the specific enforcement of certain remedies.

Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") permits a municipality such as the City, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor...." Bankruptcy Code §109(c)(2). Current Virginia statutes do not expressly authorize the City or municipalities generally to file for bankruptcy under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the City.

Bankruptcy proceedings by the City could have adverse effects on bondholders, including (1) delay in the enforcement of their remedies, (2) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent." The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be affected significantly by judicial interpretations.

The City has never defaulted in the payment of principal of or premium or interest on any indebtedness.

Approval of Legal Proceedings

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Hunton Andrews Kurth LLP, Bond Counsel, in substantially the form set forth in Appendix C (the "Bond Opinion"), which will be furnished at the expense of the City upon delivery of the Bonds. The Bond Opinion will be limited to matters relating to authorization and validity of the Bonds and to the tax-exempt status of interest on the Bonds as described in the section "Tax Exemption." Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

Certain legal matters will be passed upon for the City by W. Clarke Whitfield, Jr., Esquire, City Attorney.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest[, including any accrued original issue discount ("OID"),] on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax and (c) is exempt from income taxation by the Commonwealth. [Except as discussed below regarding OID,] no other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the City as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the City to comply with such covenants, among other things, could cause interest[, including any accrued OID,] on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all of the assumptions, conditions, limitations and exclusions that are part of the conclusions therein. *See "Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions," 63 Bus. Law. 1277 (2008), and "Legal Opinion Principles," 53 Bus. Law. 831 (May 1998), updated by "Statement of Opinion Practices," 74 Bus. Law. 801, 807 (2019).* Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

[Original Issue Discount. The initial public offering prices of each maturity of the Bonds maturing in the years [____ and ____] (the "OID Bonds") will be less than their stated principal amount. In the opinion of Bond Counsel, under current law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of such Bonds is sold will constitute OID. The offering prices set forth on the inside cover of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of such Bonds will be sold.

Under the Code, for purposes of determining the holder's adjusted basis in an OID Bond, OID treated as having accrued while the holder holds such Bond will be added to the holder's basis. OID will accrue on a constant yield-to-maturity method. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of the OID Bonds should consult their own tax advisors with respect to the calculation of accrued OID and the state and local tax consequences of owning or disposing of such Bonds.]

[Original Issue Premium. Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium that accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.]

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the City as the taxpayer, and the owners of the Bonds will have only limited rights, if any, to participate.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the Commonwealth.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is neither a guarantee of a result nor binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

There are many events that could affect the value, liquidity and/or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of current law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

SECTION THREE: MISCELLANEOUS

Pending Litigation and Administrative Proceedings

[CITY ATTORNEY TO CONFIRM NO CHANGES]

The City and its employees have been named from time to time as defendants in various claims, which are being defended by the City Attorney and associated counsel. The City's potential liability is protected partially by sovereign immunity, indemnification agreements and insurance through the Virginia Municipal League Liability Pool. The City Attorney is of the opinion that none of the litigation currently pending against the City reasonably can be expected to have a material adverse effect on the City's financial condition.

According to the City Attorney, no litigation has been served or, to the best of his knowledge, information and belief, is pending or threatened against the City that would affect (1) the validity of the Bonds, (2) the right of the City to levy or collect annually an *ad valorem* tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds or (3) the right of the City to levy or collect the Supplemental Sales Tax and to apply the Supplemental Sales Tax Revenues to pay debt service on the Bonds.

Ratings

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "[Aa1/Aa3]", "[AA-]" and "[AA-]", respectively, to the Bonds. The Moody's rating of "[Aa1]" gives effect to the state-aid intercept program described in "Bondholders' Remedies in the Event of Default" in Section Two. The Moody's rating of "[Aa3]" and the S&P and Fitch ratings are based solely on the creditworthiness of the City. Such ratings reflect only the respective views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004.

The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. There is no assurance that the ratings will continue for any given period of time or that such ratings will not be revised, suspended or withdrawn if, in the judgment of the rating agencies, circumstances so warrant. A revision, suspension or withdrawal of one or more ratings may have an adverse effect on the market price of the Bonds.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the impacts of the COVID-19 pandemic and the political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity and market value of outstanding debt obligations, including the Bonds.

Financial Advisor

Davenport is employed as financial advisor to the City in connection with the issuance of the Bonds. The financial advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Davenport, in its capacity as financial advisor, does not assume any responsibility for the information, covenant and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Davenport, as the financial advisor to the City, has provided the following sentence for inclusion in this Official Statement. Although Davenport has assisted in the preparation of this Official Statement, Davenport is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Sale at Competitive Bidding

The Bonds will be offered for sale at competitive bidding on [_______ __, 2022], unless such date is postponed or changed as described in the Notice of Sale, attached hereto as Appendix F, respectively. This Official Statement has been deemed final as of its date by the City in accordance with the meaning and requirements of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule. After the Bonds have been awarded, the City will complete the Official Statement so as to be a "final official statement" within the meaning of the Rule. The final Official Statement will include, among other matters, the identity of the winning bidder(s) and the managers of any syndicates submitting the winning bids, the expected selling compensation to the underwriter(s) of the Bonds and other information on the interest rates and offering prices or yields of the Bonds, as supplied by the winning bidder(s).

Continuing Disclosure

Current Undertaking. To permit compliance by the underwriters with the continuing disclosure requirements of the Rule, the City will execute a Continuing Disclosure Agreement (the "CDA") at closing agreeing to provide certain annual financial information and event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.mrsb.org. As described in Appendix D, the CDA requires the City to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Bonds at any particular time. The City may from time to time disclose certain information and data in addition to that required by the CDA. If the City chooses to provide any additional information, the City shall have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the City to comply with the CDA is not an event of default under the Bonds or the Bond Resolution. The sole remedy for a default under the CDA is to bring an action for specific performance of the City's covenants hereunder, and no assurance can be provided as to the outcome of any such proceeding.

Prior Undertakings. Except as described in this paragraph, the City has complied in all material respects with its prior continuing disclosure undertakings under the Rule during the last five years. The City timely filed its annual financial information for fiscal year 2020 on EMMA, but inadvertently failed to link such filing to the CUSIP numbers for its General Obligation Public Improvement and Refunding Bonds, Series 2020A (Federally Tax-Exempt), and General Obligation Public Improvement Refunding Bonds, Series 2020B (Federally Taxable) (together, the "2020 Bonds"). The City also failed to provide timely notice of the incurrence of two material financial obligations in May 2021 (the "2021 Obligations") to the holders of its General Obligation Public Improvement Bonds, Series 2019 (the "2019 Bonds"), and the 2020 Bonds. The City has since linked the annual financial information for fiscal year 2020 to the CUSIP numbers for the 2020 Bonds and provided notice of the incurrence of the 2021 Financial Obligations to the holders of the 2019 Bonds and the 2020 Bonds. [CONFIRM 2021 CAFR HAS BEEN TIMELY FILED]

Approval of Official Statement

All summaries in this Official Statement of provisions of the Constitution of the Commonwealth, the statutes of the Commonwealth, the ordinances and resolutions of the Council (including the Bond Resolution), the Bonds, the CDA and other documents and instruments are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not representations of fact. No representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

The attached Appendices are an integral part of this Official Statement and must be read together with the balance of this Official Statement.

The distribution of this Preliminary Official Statement has been duly authorized by the City Council. The City has deemed this Preliminary Official Statement "final" as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted by the Rule.

CITY OF DANVILLE, VIRGINIA

By: ___________________________________
City Manager

APPENDIX A

THE CITY OF DANVILLE, VIRGINIA

THE FINANCIAL AND OPERATING DATA CONTAINED IN APPENDIX A ARE AS OF THE DATES AND FOR THE PERIODS INDICATED. THE INFORMATION PRESENTED REFLECTS THE INITIAL IMPACTS OF THE OUTBREAK OF THE NOVEL CORONAVIRUS KNOWN AS "COVID-19" AND THE RESULTANT GLOBAL PANDEMIC ON THE CITY'S FINANCIAL CONDITION AND OPERATIONS THROUGH THE END OF THE FISCAL YEAR ENDED JUNE 30, 2021, EXCEPT AS OTHERWISE NOTED. NO ASSURANCE CAN BE GIVEN THAT THE IMPACTS OF THE COVID-19 PANDEMIC ON THE CITY'S FINANCIAL CONDITION AND OPERATIONS FOR THE CURRENT FISCAL YEAR OR FUTURE FISCAL YEARS WILL NOT BE MATERIALLY DIFFERENT FROM HISTORICAL RESULTS OR CURRENT BUDGET EXPECTATIONS. ***SEE "CITY OF DANVILLE, VIRGINIA – RECENT DEVELOPMENTS" IN THIS APPENDIX A.***

APPENDIX B

**BASIC FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Set forth below is the proposed form of the opinion of Hunton Andrews Kurth LLP, Bond Counsel. It is preliminary and subject to change prior to delivery of the Bonds.

[Closing Date]

Mayor and Council
City of Danville
Danville, Virginia

City of Danville, Virginia

$[________]
General Obligation School Bonds,
Series 2022

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the City of Danville, Virginia (the "City"), of its $[________] General Obligation School Bonds, Series 2022 (the "Bonds"). Reference is made to the form of the Bonds for information concerning their details, including payment and redemption provisions, their purposes and the proceedings pursuant to which they are issued.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the City as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The City has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (the "Covenants").

Based on the foregoing, in accordance with customary opinion practice and assuming the due authorization, execution and delivery of all documents by parties other than the City, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, and constitute valid and binding obligations of the City, and, unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City Council is authorized and required to levy and collect annually an *ad valorem* tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds.

2. The rights of the holders of the Bonds and the enforceability of such rights may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

3. Under current law, interest[, including any accrued original issue discount ("OID"),] on the Bonds (a) is not included in gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum income tax. The opinions in the preceding sentence are subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the City to comply with the Covenants, among other things, could cause interest[, including any accrued OID,] on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. [In the case of the Bonds maturing in the years ____ and ___ (the "OID Bonds"), the difference between (i) the stated principal amount of each maturity of the OID Bonds and (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of such maturity is sold will constitute OID; OID will accrue for federal income tax purposes on a constant yield-to-maturity method; and a holder's basis in an OID Bond will be increased by the

amount of OID treated for federal income tax purposes as having accrued on such OID Bond while the holder holds the OID Bond.] We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

4. Under current law, interest[, including any accrued OID,] on the Bonds is exempt from income taxation by the Commonwealth of Virginia.

Our services as bond counsel to the City have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. Our services have not included financial or other non-legal advice. We express no opinion herein as to the financial resources of the City, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the City's Preliminary Official Statement dated [______ __, 2022], and its Official Statement dated [______ __, 2022], that may have been relied upon by anyone in making the decision to purchase Bonds. The opinions set forth above are based on current law, which is subject to change. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated December [__], 2022 (the "Disclosure Agreement"), is executed and delivered by the City of Danville, Virginia (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation School Bonds, Series 2022 (the "Bonds"). The Issuer hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC"), by providing certain annual financial information and event notices required by the Rule (collectively, "Continuing Disclosure").

Section 2. Annual Disclosure. (a) The Issuer shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) financial statements of the Issuer, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the Issuer generally of the type described in the section entitled "FINANCIAL INFORMATION – Operating Data" in Appendix A of the Issuer's Official Statement dated [______ __, 2022], relating to the Bonds.

If the financial statements filed pursuant to Section 2(a)(i) are not audited, the Issuer shall file such statements as audited when available.

(b) The Issuer shall file annually with the Municipal Securities Rulemaking Board (the "MSRB") the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") no later than the March 31 following the end of the Issuer's fiscal year, commencing with the Issuer's fiscal year ending June 30, 2022.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Issuer shall file with the MSRB in a timely manner notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The Issuer shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancement reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of the holders of the Bonds, if material;

(h) bond calls, if material, and tender offers;

(i) defeasance of all or any portion of the Bonds;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership, or similar event of the Issuer;*

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation (as hereinafter defined) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect holders of the Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of Bondholders, provided that the Issuer receives an opinion of nationally recognized bond counsel to the effect that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Issuer's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the resolution providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

---

* For the purposes of the event identified in Subsection (3)(l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access System pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts; each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

CITY OF DANVILLE, VIRGINIA

____
Mayor, City of Danville, Virginia

____
City Manager, City of Danville, Virginia

APPENDIX E

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any, and interest on the Bonds to The Depository Trust Company, New York, New York ("DTC"), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other Bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through the Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. The Beneficial Owners will not receive written confirmation from DTC of their purchase. The Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct or Indirect Participants acting on behalf of the Beneficial Owners. The Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by the Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to the Direct Participants, by the Direct Participants to the Indirect Participants, and by the Direct and Indirect Participants to the Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit the Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by the Direct and Indirect Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to the Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Neither the City nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to: (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Bond Resolution.

The City may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of the Beneficial Owners or Bondholders.

APPENDIX F

NOTICE OF SALE FOR BONDS

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THE CITY

Introduction

The City, situated on the Dan River, is located near the North Carolina state line in the Piedmont section of Virginia. U.S. Highways 29, 58, and 360 provide primary access to the City. The City is located adjacent to the southern part of Pittsylvania County and covers an area of approximately 44 square miles, including approximately 26 square miles annexed by the City on December 31, 1987. The City was founded in 1793 and incorporated in 1830.

Recent Developments

The COVID-19 outbreak and measures implemented to contain its spread have altered, and continue to alter, business operations and citizens' behavior in a manner that is having negative effects on the global and local economies, including the City's. Since the start of the COVID-19 pandemic, these measures have included, at various times, statewide mask-wearing and social distancing guidelines, limitations on public and private in-person gatherings, the closure of certain businesses deemed non-essential, a statewide stay-at-home order, and the cancellation of in-person instruction at schools. Over time, some restrictions have been lifted or eased, but, in some cases, have subsequently been re-imposed depending on the trends in new cases and hospitalizations.

[At this time, it remains difficult to predict the continuing impact of the COVID-19 pandemic on the City's economy and operations, though the impact of the pandemic on the City's economy and operations has not been as material as first anticipated when the pandemic began in fiscal year 2020. Initially, the City projected a revenue decline of at least $1 million for fiscal year 2020 and in response instituted an immediate spending freeze on all non-essential items, including a freeze on all non-essential capital expenditures. In addition, vacant positions were held open as long as possible. As time progressed, it became evident that revenue losses would not be as significant as originally anticipated, with audited fiscal year 2020 results showing local consumer taxes only falling short of budget by $567,000 and property taxes and other revenues coming in over budget by $488,000. Efforts to minimize costs resulted in the City adding nearly $2 million to its unassigned fund balance as of June 30, 2020. On June 16, 2020, City Council adopted the fiscal year 2021 budget without special modifications related to the pandemic. Preliminary, unaudited results indicate that actual fiscal year 2021 revenues totaled 101% of budgeted revenues. Continued efforts to manage expenditures appear to have resulted in an addition of $1 million (unaudited) to the unassigned fund balance as of June 30, 2021. *For additional detail regarding the preliminary, unaudited results for fiscal year 2021, see "FINANCIAL INFORMATION – Preliminary, Unaudited Fiscal Year 2021 Results."* On May 18, 2021, City Council adopted the fiscal year 2022 budget without special modifications related to the pandemic. *For additional detail regarding the fiscal year 2022 budget, see "FINANCIAL INFORMATION – General Fund Budget."* Unaudited results for the first quarter of fiscal year 2022 show revenues are outperforming budgeted expectations. As of September 30, 2021, sales tax revenues, meals tax revenues and lodging tax revenues are at 26%, 29% and 34% of total fiscal year 2022 budget, respectively. City staff and City Council will continue to monitor the financial and operating effects of the COVID-19 pandemic and evaluate the need for any adjustments to the fiscal year 2022 budget. In addition, over the course of the pandemic, City Council accepted several block grants from pandemic relief programs, including $7 million under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act as well as $29 million under the federal American Rescue Plan Act, with 50% received in May 2021 and the remainder expected to be received around the same time in 2022. Both CARES Act and American Rescue Plan Act funds have or are expected to be expended in the following categories: K-12 education, small business support, community support, operational/facility modifications, employee support, technology upgrades, housing support, and utility/rent assistance.] [UPDATE FOR ACTUAL 2021 RESULTS AND YTD 2022 RESULTS AS WELL AS ANY OTHER NOTABLE DEVELOPMENTS SINCE LATE 2021]

There can be no assurance that new executive orders and mandates will not be issued in order to mitigate the continued effects of the COVID-19 pandemic. In addition, all of the short-term and long-term effects of the pandemic on the economies of the United States, the Commonwealth and the City cannot be determined at this time, and such effects may be materially adverse to the operating and financial conditions of the United States, the Commonwealth and the City.

Government

The City is operated by a Council-Manager form of government. The City Council comprises nine members who are elected at large to serve four-year terms. The elections are held biennially with five members being elected in one biennium and four in the next. The Mayor and Vice-Mayor are elected by members of the City Council from its membership.

The City Manager is appointed by the City Council as the Chief Executive Officer of the City and is responsible to the City Council for the proper administration of the City government. He appoints all department heads of the City, with the exception of the City Attorney, City Clerk and certain elected officials.

The City currently employs approximately [1,052] full-time and [158] part-time employees. Under Virginia law, a municipality does not have the right to bargain collectively with employee organizations.

All services normally offered by municipalities are provided by the City, including the operation of a utilities department that provides water, sewer, gas, electric and telecommunications services.

The School Board members are elected by the voters at large. Under Virginia law, all operations of the School Board are completely independent of the City Council and the City Administration. The City Council is required to make an annual appropriation to the School Board, but has no legal authority to direct how the appropriated moneys are spent. The School Board currently employs approximately [931] full-time employees.

Certain City Officials and Administrative Staff Members

City Council

Alonzo L. Jones, Mayor, was elected to City Council in 2010 and was re-elected in 2014 and 2018. He has served as Mayor since July 2018. Mr. Jones received his education in the Danville Public Schools, served in the United States Armed Forces and is currently employed by Danville Public Schools. He is a Commissioner for the Danville Redevelopment & Housing Authority, serves on the Board of Directors for Smart Beginnings, is a Trustee at Bible Way Cathedral and served on the Leadership Forum at Averett University. He is the founder and President of One Accord Unlimited, Inc. Mr. Jones is a past School Board member for Danville Public Schools, appointed by City Council in 2004 and elected in 2006, and a former member of the BB&T Advisory Board.

Gary P. Miller, M.D. F.A.C.C., Vice Mayor, a local cardiologist, was appointed to City Council in 2008 to fill an unexpired term, was then elected in 2010 and was re-elected in 2014 and 2018. Dr. Miller has served as Vice Mayor since July 2020. Dr. Miller received his Bachelor of Science in Biology in 1970 from Virginia Polytechnic Institute and State University in Blacksburg and his medical degree at the Medical College of Virginia (now VCU Health System). He was the Fifth District representative to the Virginia Board of Medicine, appointed by Governor Allen from 1997-2001, and has served as a Counselor to the Medical Society of Virginia for the Fifth District. He is the co-owner and President of Cardiology Consultants of Danville, Inc. Dr. Miller currently serves on the Board of the Danville-Pittsylvania Regional Industrial Facility Authority and the Danville Utility Commission.

James B. Buckner was elected to City Council in May 2014 and was re-elected in 2018. Prior to serving on City Council, Mr. Buckner was appointed by the City Council to the Transportation Advisory Board and Fair Housing Board for the City in 2012 and served in such capacity until his election to City Council. A native of the City, Mr. Buckner graduated from George Washington High School in 1997. He worked for Dan River Mills/Schoolfield Division, Dimon Tobacco, and then owned and operated The Temple nightclub in downtown Danville. He later worked at Goodyear Tire and Rubber in Danville before leaving to open Pawn Shops America in 2009, which he sold in 2016. Mr. Buckner is a realtor with Wilkins & Co. Realtors and currently serves on the boards of the West Piedmont Planning District Commission, the Metropolitan Planning Commission and the Transportation Advisory Board.

L. G. "Larry" Campbell Jr. was elected to City Council in May 2008 and was re-elected in 2012, 2016 and 2020 and has served as Co-Assistant Pastor at Bible Way Cathedral Church since 1994. The Rev. Campbell received his Bachelor of Arts in History from Averett University and his Master's degree in Guidance from North Carolina A

& T University. He serves as a board member for Goodwill, Daden, Rotary Club, Big Brothers and Big Sisters, the Boys and Girls Club, the Ministers Alliance, Head Start and Neighbors Helping Neighbors. The Rev. Campbell is Vice President of the NAACP and serves on the Community Health Coalition. He founded the Wisdom in Networking Program (an ex-offender back-to-work initiative). The Rev. Campbell also currently serves on the board of the Staunton River Regional Industrial Facility Authority.

Bryant Hood was elected to City Council in November 2020 to complete the unexpired term of former City Council Member Adam J. Tomer. Mr. Hood studied at George Washington High School, is the founder and CEO of The Stayhood Foundation and Economics Through Edutainment (ETE) and is a Qualified Mental Health Paraprofessional with Focus Point Mental Health. Mr. Hood currently serves on the Board of the Danville Development Council and has been appointed by Governor Ralph Northam to serve on the Virginia Data Advisory Committee.

Barry P. Mayo was elected to City Council in May 2020. He is a native of Danville and a graduate of George Washington High School. He attended the University of New York and Northcentral University, where he received his bachelor's degree in Liberal Arts and a master's degree in Education Athletic Administration, respectively. Mr. Mayo currently works at Danville Community College with the TARE and SCALE-UP programs, which focus on training citizens of the City and Pittsylvania County for employment, job preparation and short term career studies. Previously, Mr. Mayo worked with Pittsylvania Community Action for twelve years, including serving as a Case Manager for SouthWest Cares assisting ex-offenders re-entering the community. Mr. Mayo also worked for District 14's Probation & Parole, assisting returning citizens with the re-entry process. Mr. Mayo has served as a mentor for young men ages 8-18 and has been active in the community throughout his life. He currently serves on the Board of Directors for Piedmont Access to Health Services (PATHS) and on the board of Pittsylvania County Community Action.

Sherman M. Saunders was appointed to City Council in December 2001 to fill the unexpired term of City Council Member Daniel W. Marshall III, who was elected to the Virginia General Assembly. He had previously served on City Council from 1996 to 2000 and was subsequently re-elected in 2004, 2008, 2012, 2016 and 2020. Mr. Saunders became Mayor in January 2008 and served through June 2016. On November 1, 2012, he retired from Pittsylvania County Community Action, Inc., after 42 years of service, with 33 years as the Executive Director. Mr. Saunders served on the Board of Directors of the Pittsylvania County Economic Development Organization and Roman Eagle Nursing Home. He is a former board member of the Danville Chamber of Commerce and past president of the Pittsylvania County Chamber of Commerce. Mr. Saunders is a veteran of the United States Army and currently serves on the Danville-Pittsylvania Regional Industrial Facility Authority and the Staunton River Regional Industrial Facility Authority and as a board member for the City of Danville Employee Retirement System.

J. Lee Vogler, *Jr.* was elected to City Council in May 2012 and was re-elected in 2016 and 2020. Mr. Vogler served as Vice Mayor from July 2018 to June 2020. A native of Southside Virginia, Mr. Vogler graduated from Virginia Commonwealth University in 2010 with a bachelor's degree in Political Science. He is currently employed as the Marketing Director for Andrew Brooks Media Group. Mr. Vogler is involved in several community activities, including founding and leading the group "Moving Danville Forward" and serving on the boards of Danville Center Stage and the Langhorne House. He currently serves on the boards of the Danville-Pittsylvania Regional Industrial Facility Authority and the West Piedmont Planning District Commission and as the Chairman of the Metropolitan Planning Organization.

Madison J.R. Whittle was elected to City Council in May 2016 and was re-elected in 2020. A native of Danville, he attended Sacred Heart Catholic School, graduated from George Washington High School, and became a local entrepreneur and small business owner. In 1988, he founded MJRW, Inc., and has gone on to strengthen his expertise in real estate, specifically in property management as owner-developer of numerous residential and commercial properties throughout the City of Danville and other areas. Mr. Whittle is a member of the Danville Rotary Club and has been honored as a Paul Harris Fellow Sustainer. He is also a member of the Danville Pittsylvania County Chamber of Commerce and the Danville Cancer Society and a founding member of the Crossroads Christian Counseling Mission. Mr. Whittle is also a club member at the Virginia International Raceway in Alton, Virginia, and currently serves on the board of the Dan River Business Development Center.

City Staff

Kenneth F. Larking, City Manager, received his B.A. and M.P.A. from Appalachian State University in 1995 and 1999, respectively. He worked as the Budget and Performance Manager for the City of Hickory, North Carolina, from April 1999 to January 2003 before serving as Town Manager of Yadkinville, North Carolina, from January 2003 to February 2010. He subsequently served as Assistant County Manager of Moore County, North Carolina, from February 2010 to March 2013. Mr. Larking was appointed Danville's Deputy City Manager in March 2013 and assumed the role of Interim City Manager in December 2015. Mr. Larking was appointed City Manager in April 2016.

Earl B. Reynolds, Jr., Deputy City Manager, received his B.S. from Fayetteville State University in 1973. He went on to receive his M.A. degree and later his M.S. from the State University of New York, Albany, in 1974 and 1978, respectively. He has been involved in Virginia local government for almost 40 years as a regional planning district program specialist, Planning Chief and Assistant City Manager for Roanoke, City Manager for Martinsville, Deputy Housing Authority Director for Roanoke, Community Development Director and now Deputy City Manager for Danville. Mr. Reynolds has also served as President of the Virginia Municipal League and President of the Virginia Local Government Management Association.

Susan M. DeMasi, City Clerk, is a certified Municipal Clerk having received certification from IIMC Municipal Clerk's Institute. Ms. DeMasi was formerly a Legal Assistant at the law firm of Daniel, Medley & Kirby in Danville, Virginia. In 2011, she was appointed by the City Council as the City Clerk. Ms. DeMasi is an active member of the International Institute of Municipal Clerks and Virginia Municipal Clerks Association.

W. Clarke Whitfield, Jr., City Attorney, received his B.A. from the University of Virginia in 1990 and his J.D. from Regent University School of Law in 1993. Mr. Whitfield practiced as an independent attorney in 1993 and was a practicing attorney with the firm of Turner, Haskins, and Whitfield in Chatham, Virginia, from 1994 to 1998. He was appointed Assistant City Attorney in 1998 and appointed City Attorney on June 1, 2004. Mr. Whitfield is active in various professional and community organizations. He served as a member of the board of directors and as the President for the Local Government Attorneys of Virginia (having also served as the Treasurer and Vice President), as well as the past President of the Pittsylvania County Bar Association, the Danville Bar Association and the Danville Optimist Club.

Michael L. Adkins, *CPA,* Director of Finance, received his B.S. in Accounting from Virginia Polytechnic Institute and State University in 1992 and his Certified Public Accountant Certificate in 1993. He received his M.B.A. from Averett University in 1996, where he also served as an adjunct faculty member. Mr. Adkins was employed in both public accounting and private industry prior to his employment with the City. Mr. Adkins began his career with the City in May 2005 as the Assistant Director of Finance and began serving as Interim Director of Finance in July 2014, before being appointed as the Director of Finance in October 2014. He also serves as Treasurer of the Danville-Pittsylvania Regional Industrial Facility Authority and Executive Secretary of the Employees Retirement System of the City of Danville. Mr. Adkins is a member of the Government Finance Officers Association and the Virginia Government Finance Officers Association.

Cynthia L. Thomasson, Budget Director, received her B.S. in Business Administration-Accounting from Old Dominion University in 1978. From 1975 to 1981 she worked as Accounting Manager and Secretary/Treasurer of Anders Williams & Co., Inc., and Marine Oil Service, Inc. Ms. Thomasson served as Senior Accountant from 1989 to 1999 for the City and was appointed Budget Director in 1999. She is a member of the Government Finance Officers Association and a 2001 graduate of Leadership Southside.

Corrie Teague Bobe, Director of Economic Development, joined the City's Department of Economic Development in November 2009. As Project Manager and later Assistant Director, Ms. Bobe helped lead redevelopment efforts within Danville's award-winning River District. She was promoted to the role of Director in July 2020. She also serves as staff to the Danville Industrial Development Authority, the Danville-Pittsylvania Regional Industrial Facility Authority and the Staunton River Regional Industrial Facility Authority. Ms. Bode is a member of the West Piedmont Workforce Investment Board, a past president of the Board of Directors for the Danville Science Center, Inc., a member of the Virginia Economic Developers Association, a member of the International Economic Development Council, a member of the West Piedmont Planning District Comprehensive Economic

Development Strategy Committee, a board member of Southern Virginia Regional Alliance, the Interim Executive Director of the Danville Community Development Entity, a member of the Housing Rehabilitation Loan Committee and a member of the board of directors for the Danville Family YMCA. She is a native of Danville and graduated from Virginia Tech with a Bachelor of Science in Marketing Management. She is also a graduate of the University of Oklahoma's Economic Development Institute and the Danville Pittsylvania County Chamber of Commerce's Leadership Southside program.

Dr. Angela Hairston, Ed.D., Superintendent of Danville Public Schools, has served in such role since December 2020. Prior to her appointment, she served as Superintendent of Winston-Salem/Forsyth County Schools in North Carolina. She is a native of Southside Virginia and completed her secondary education in the Pittsylvania School System. She received a Bachelor's degree in Mathematics and Business Management from Averett University and began her career in education in the Halifax County and Virginia Beach School systems before returning to Danville to teach mathematics at George Washington High School. Dr. Hairston later served as the first principal of Westwood Middle School. Dr. Hairston continued her education by earning a Master's degree in Secondary School Administration from Hampton University in Hampton, Virginia, and a Doctorate Degree in Educational Leadership from Virginia Polytechnic Institute and State University in Blacksburg, Virginia. Dr. Hairston continued her career in the state of Georgia serving as a director of human resources, a principal, and an assistant principal for the Gwinnett County Public Schools, as a region superintendent and principal for the DeKalb County School District and as a superintendent for localities in Georgia and North Carolina.

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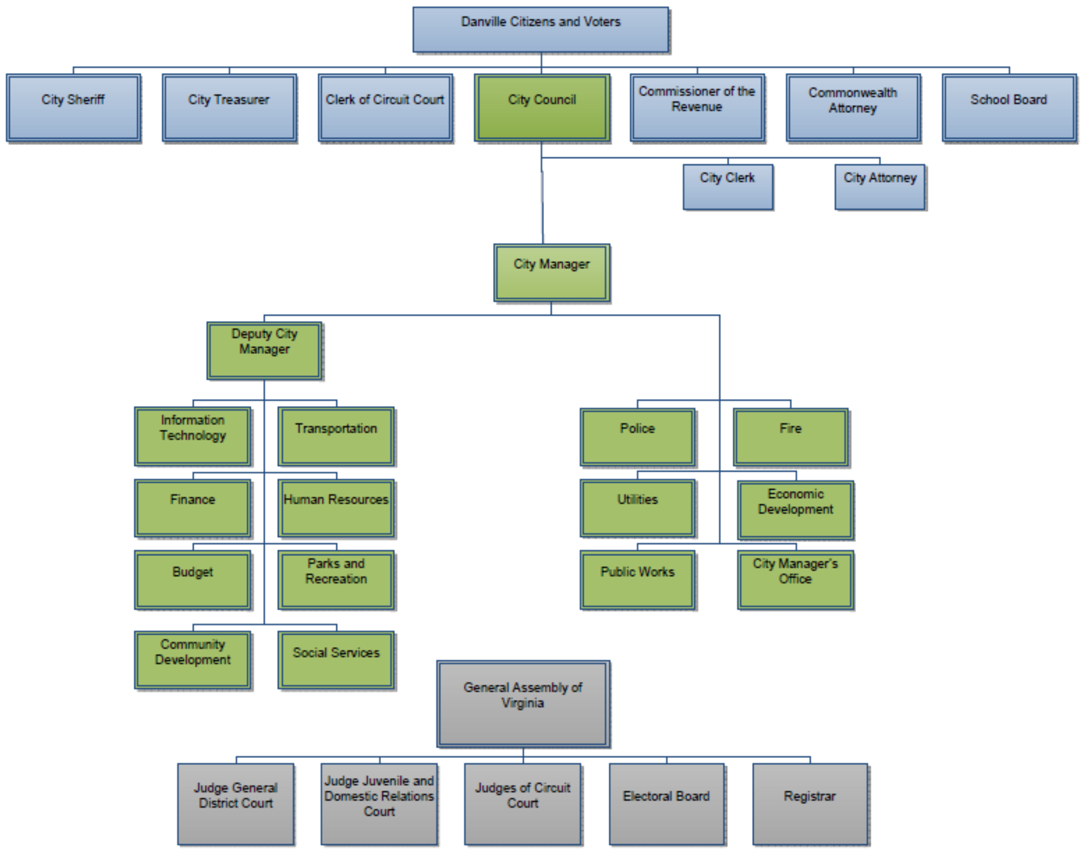
City of Danville Organizational Chart



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Utility Systems

The Department of Utilities provides water, wastewater, natural gas, electric and limited telecommunications services.

Water/Wastewater System. The City has owned and operated a potable water supply system since 1876. The water treatment plant has a design capacity of 18 million gallons per day ("MGD") and is presently treating about 5.0 MGD. The system now consists of 2,078 hydrants and approximately 331 miles of distribution mains ranging in size from 2" to 36" and serves approximately 16,094 residential, commercial and industrial accounts within the City limits. It complies with the Waterworks Regulations of the Commonwealth of Virginia State Board of Health and regulations of the federal Environmental Protection Agency. The system also serves customers outside the City limits through master meters to the Pittsylvania County Service Authority and two master meters to Caswell County, North Carolina.

The water distribution grid consists of six service areas - one service area supplied from the Ballou Park Reservoirs (one holding up to eight million gallons and one holding up to four million gallons) and a Westover standpipe and five high-pressure service areas at higher elevations with storage tanks supplied by pumps. Total aggregate storage on the system is 16.45 million gallons. Static pressures in the system range from 20 pounds per-square-inch ("PSI") at the higher elevations to over 90 PSI at the lower elevations. Distribution mains in the older sections of the City are over 100 years old and are being replaced or renovated.

Major future system initiatives in the City's Capital Improvement Program include replacement of mains, extensions into the unserved portions of the City and replacement of major water distribution mains in Ballou Park. A recent Water Treatment Plant project included the installation of mixing and aeration equipment in the eight million gallon reservoir to reduce trihalomethane levels below state and federal levels. In 2009, the City completed its Water Systems Master Plan, outlining the City's construction program for the system. This plan identified modifications, repairs and replacements of various equipment and systems at the Water Treatment Plant and also identified water mains requiring replacement. Main replacements are prioritized according to industry criteria. The Water Treatment Plant has a design capacity of 18 MGD, and the average monthly production is 4.67 MGD.

The City's Industrial Water System was constructed in 1966. It has a capacity of three MGD with 13% of the capacity now being used. This system provides industrial "process" water for Goodyear Tire and Rubber Company and serves as a backup non-potable water supply for the City's Southside pumping station and Northside Wastewater Treatment Plant ("NSWWTP"). Reserve capacity is available to serve additional industrial customers.

The City's wastewater treatment facility has a design capacity of 20.0 MGD. Present usage is about 8.49 MGD, down substantially over recent years due to manufacturing plant closures in the community. A $7.3 million improvement project was completed in 2000 to address maintenance needs, reserve capacity and additional requirements imposed by regulatory agencies. The City completed modifications to the plant in 2012 to allow operations at reduced capacities of 6 to 12 MGD in order to lower operating costs. These modifications changed the plant process from a pure oxygen activated sludge plant to a conventional activated sludge plant using ambient air. Plant modifications also included converting the two floatation grit separators into high rate primary clarifiers. The NSWWTP, which includes the plant, nine system pump stations, the industrial pre-treatment program and bio-solids disposal, is operated by INFRAMARK Water & Infrastructure.

Gas System. The City's gas system is one of three municipally-owned gas utility systems in the Commonwealth. The gas system began business on January 27, 1874, and was delivered into possession of the Town of Danville on May 1, 1876. It manufactured coal gas that was used to light the streets of Danville. On December 5, 1950, the system was switched from manufactured gas to natural gas, and Danville became the first customer to receive gas on the Transcontinental Gas ("TRANSCO") pipeline.

The TRANSCO pipeline is a 10,500-mile system that transports natural gas to markets in the eastern United States. It secures natural gas from onshore and offshore wells in Texas and Louisiana and supplies a portion of the natural gas requirements for cities from Texas to Pennsylvania. The City's gas system is connected only to the TRANSCO pipeline. The City Gate Station is located 2.5 miles west of the City limits. From this location, two steel mains carry gas into the City at 285 PSI to supply the gas distribution grid.

The distribution system contains 17 district regulator stations that supply suitable pressures to customers via approximately 337 miles of distribution mains, ranging in size from 1¼" to 16". Gas is distributed to approximately 14,781 service accounts, including the following large industries: Goodyear Tire and Rubber Company, Blue Ridge Fiberboard, DanChem Technologies, Nestle, Intertape Inc. and Unarco. The distribution grid supplies gas at intermediate- and low-pressures through a system of steel, cast iron and polyethylene plastic gas mains.

The City has contracted with BP Energy Company to manage its natural gas capacity and storage assets. TRANSCO capacity assets consist of 16,910 dekatherms per day of firm transportation, plus 3,876 dekatherms per day of storage service, for a total deliverability of up to 20,786 dekatherms per day to the City Gate. Gas supply is provided at a discount through a municipal prepay arrangement with Municipal Energy Resource Corporation.

Electric System. The City's electric distribution system covers approximately 500 square miles, including the City and portions of three adjacent counties. The 1,800 miles of 12,470/7,200-volt distribution lines originate from 17 substations that are serviced by 122 miles of 69,000-volt transmission lines. At the end of the fiscal year that ended June 30, 2021, approximately 42,226 meters were in service. The average residential customer paid an average annual bill of $1,816.66 for electricity used domestically. In March 2006, the City became a member of American Municipal Power, Inc. ("AMP"). AMP is a nonprofit wholesale power supplier and services provider for 131 member communities in eight states. The objective of the membership is to obtain a cost-effective, diversified portfolio of electric generation assets and a power supply contract consistent with the City's self-sufficiency strategy to meet the electric needs of its utility customers. The City has multiple contracts with AMP to participate in large generating projects. Such projects are intended to decrease exposure to the volatility of the wholesale energy market for the purchase of electric power. These projects are also intended to be the means for the City to stabilize future retail rates.

The City's electric system served a peak load of 205,302 kilowatts ("kW") with 906,147,211 kW hours ("kWh") of energy purchased for the fiscal year ended June 30, 2021. The City continues to own and operate a three-unit hydroelectric generating plant with a maximum capacity of 10,607 kW and a 450-kW unit at the Talbott Dam site. The City generated 21,282,014 kWh of energy in the fiscal year ended June 30, 2021. Appalachian Electric Power also provides transmission service for all purchased power to three of the City's delivery points. Each delivery point has a capacity of 252,000 kW, which is just above the system's historic consumption of 246,800 kW.

In January 2016, the City and STS Hydropower finalized a twenty-year agreement for the City to purchase 4.55 megawatts of electricity generated at the Schoolfield dam located in the City. Both the City Council and the Utility Commission unanimously approved the project. The agreement became effective on December 1, 2016, and expires on November 30, 2036. The terms include a $63.50/megawatt hour rate with a 1.75% annual escalation. The generation represents approximately 1% of the City's peak load.

The City recently completed improvements to its electric system generation, transmission, substation and distribution facilities, including upgrades to the Bridge Street substation, the purchase of a mobile substation, the addition of 4.4 megawatts of behind-the-meter hydro generation at the Schoolfield Hydro Plant and the addition of six megawatts of behind-the-meter solar generation from the PV Kentuck solar array. Most recently, the City completed upgrades to the Riverside substation and the Schoolfield substation in May 2020 and December 2020, respectively.

The City maintains a Five-Year Capital Improvement Plan (the "CIP") for major infrastructure improvements funded through electric system revenues, reserves, and issuance of general obligation bonds. *See "CITY INDEBTEDNESS AND CAPITAL PLANS – Capital Improvement Plan."* In addition, the City's annual operating budgets include funding for ongoing operating, maintenance, and capital upgrade needs to provide reliable, cost-competitive electric power for its customers and offer an attractive electric power supply to potential businesses and industries looking at sites within the Danville service area.

Telecommunications System. The State Corporation Commission of the Commonwealth granted the City (d/b/a Danville Department of Utilities) a certificate of public convenience and necessity on November 1, 2002, to provide local exchange telecommunications services in the City and the Counties of Halifax, Henry, Patrick, and Pittsylvania. The City is also registered with the Federal Communications Commission as a telecommunications service provider.

The City completed the initial construction of “nDanville” in 2004. nDanville is a 154 route-mile fiber optic broadband network that covers the City and Pittsylvania County. Phase One involved connecting all municipal government and public school buildings, and Phase Two allowed nDanville to start serving businesses.

nDanville’s open access architecture provides opportunities for service providers to take advantage of a municipally constructed and operated telecommunication system to conduct business in return for a share of their revenues. As described below, the business model allows service providers to make use of nDanville as if it were their own network by activating and deactivating customer services freely without the interaction of the network operator (i.e., Danville Utilities). The open access model provides an equal “broadband marketplace” that promotes competition.

nDanville’s operating principle, since its inception, is that the City’s businesses, institutions and households should have affordable broadband services on par with those available elsewhere in the Commonwealth in order to ensure access to entertainment, cultural, health and especially educational and economic opportunities. Many advanced broadband applications require fiber optic communications, particularly those requiring symmetrical up and down bandwidth greater than a few megabits per second. Conventional cable and DSL services offer only limited asymmetrical bandwidth.

Operating revenues were $738,401 during fiscal year 2021. The increase in revenue compared to the prior fiscal year is attributable to increased sales to municipal facilities as well as expanded internet service to Pittsylvania County public schools. Currently, there are over 200 businesses and 300 residences connected and using the network through third-party service providers. The City and the service providers enter into revenue sharing agreements that provide funding for the network. Revenues are also generated by services rendered to the City’s public schools and Pittsylvania County public schools. Payments for services to schools and libraries are subsidized with federal “E-Rate” funds.

Transportation

The transportation network supporting commerce and industry in the City includes general aviation service at Danville Regional Airport, rail passenger service by Amtrak, rail freight service by Norfolk Southern Railway and a local public transportation service. The major highways include U.S. 29, a divided four-lane north-south route, and U.S. 58, a divided four-lane east-west route.

Air Service. The City owns the Danville Regional Airport, which is located just east of the City and supports air freight, charter services, flight instruction and corporate business aviation activities.

Passenger Rail Service. Amtrak has one northbound and one southbound train per day serving the City, providing transportation to New York, New York; Washington, D.C.; New Orleans, Louisiana; Charlotte, North Carolina; and other points.

Trucking. Five motor freight carriers have terminals in the City, and numerous carriers offer daily local service from nearby cities.

Public Transportation. The Danville Transit System provides public transportation service through a unique service model combining fixed route and reservation based operations to improve access and convenience. The system maintains a 27-bus fleet.

Public Education

The Danville Public Schools are organized into four instructional levels—two preschools, six elementary schools, two middle schools, one alternative school and two high schools. George Washington High School offers a comprehensive high school program. Galileo Magnet High School features air and space technology, biotechnology and advanced communications programs. Galileo also offers an International Baccalaureate Program. Langston Focus School serves students in grades 6-12 needing more individualized educational programs to be successful. Also on the Langston Campus is a credit recovery program for students who work individually using technology to complete one course at the time. Students also attend programs through the Piedmont Governor’s School for Math, Science and

Technology, as well as the Adult and Career Education Center. W.W. Moore Detention Home Program also has an educational program for students.

The entering total public school enrollment for the past five years is set forth in the table below:

2016-2017	**2017-2018**	**2018-2019**	**2019-2020**	**2020-2021**
5,956	5,828	5,686	5,690	5,583

While current school sites were constructed over a period from 1934 to 1995, there is an ongoing maintenance and improvement program. All sites have been upgraded with high-speed local area computer networks that interconnect all classrooms and administrative functions through a wide area network that provides Internet access throughout the system.

Higher Education

Danville Community College ("DCC") is a two-year institution of higher education under the statewide Virginia Community College System. DCC's service area includes the City of Danville, Pittsylvania County and Halifax County. DCC, its employees, and students are governed by the policies established by the State Board for Community Colleges and with the support and advice of the Danville Community College Board. DCC offers a wide variety of programs ranging from college transfer to occupational and technical programs. DCC also offers a comprehensive program of adult and continuing education, career training, and customized classes to meet the needs of business and industry. DCC estimates its enrollment for the [2021-2022] academic year to be approximately [4,600] students.

Averett University, located in the City and founded in 1859 as a private, co-educational, liberal arts college, offers undergraduate and graduate degree programs. Averett University has a total enrollment of approximately 1,600 students, with 30 undergraduate programs and ten graduate degree programs. Averett University's students represent 24 states, the District of Columbia, Puerto Rico and 20 foreign countries. Averett University also offers evening and summer programs, as well as distance education courses, for traditional and non-traditional students.

Medical

Sovah Health – Danville (formerly Danville Regional Medical Center), located in the City, provides acute and emergent care services to the citizens of the City and the counties of Pittsylvania, Virginia, and Caswell, North Carolina. Sovah Health – Danville is currently licensed for 250 beds and 20 bassinets. The hospital has comprehensive surgical services, 24-hour emergency services, an advanced wound healing center, cardiac rehabilitation center, two cardiac catheterization labs, a one-day surgery center, and medical & radiation oncology services. Sovah Health – Danville is accredited by American College of Cardiology Accreditation Services for Chest Pain Center, Heart Failure & Cardiac Cath Lab; recognized by The Joint Commission as a Certified Advanced Primary Stroke Center; accredited by the American College of Surgeons' Commission on Cancer; and is a member of the Duke Heart Network and Duke Telestroke Network.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table indicates the City's and the Commonwealth's comparative population data since 1980.

	1980	**1990**	**2000**	**2010**	**2020**	**2021***
City of Danville	45,642	53,056	48,411	43,055	42,590	42,597
Commonwealth of Virginia	5,346,818	6,187,358	7,078,515	8,001,024	8,631,393	8,655,608

Sources: U.S. Census Bureau; Weldon Cooper Center for Public Service, University of Virginia.
* July 1, 2021, estimate (latest information available).

Employment

The Danville-area industries have diversified considerably since the City's historic focus on textiles, tires, tobacco and glass.

Selected data are presented below to illustrate employment conditions in the City.

NON-AGRICULTURAL EMPLOYMENT FOR THE CITY OF DANVILLE

Industry	Average Employment
Health Care and Social Assistance	5,195
Retail Trade	3,783
Manufacturing	3,803
Accommodation and Food Services	2,571
Educational Services	1,363
Administrative, Support, Waste Management	955
Public Administration	1,043
Other Services (except Public Administration)	767
Professional, Scientific, and Technical Services	587
Wholesale Trade	534
Finance and Insurance	511
Transportation and Warehousing	485
Construction	431
Real Estate and Rental and Leasing	260
Management of Companies and Enterprises	193
Arts, Entertainment, and Recreation	201
Information	124
Utilities	114
Unclassified Establishments	69
Agriculture, Forestry, Fishing and Hunting	*
TOTAL	23,529

Source: Virginia Employment Commission. Second Quarter of 2021 Quarterly Census of Employment and Wages (latest information available).

* Confidential data.

TEN LARGEST EMPLOYERS IN THE CITY OF DANVILLE

The following table sets forth the ten largest employers in the City as of June 30, 2021:

Employer	Product	Estimated Employment
Goodyear Tire & Rubber Co.	Manufacturer	2,000
Sovah Health – Danville	Medical Services	1,052
Danville City Public Schools	Education	1,051
City of Danville	Government	935
Buitoni Food Co.	Manufacturer	590
Roman Eagle Memorial Home	Healthcare/Retirement	320
Averett University	Education	269(1)
Essel Propack	Manufacturer	260
EBI	Manufacturer	250
Danville Community College	Education	121

Source: Department of Finance, City of Danville.

(1) Excludes student employees.

Unemployment

The following tables show various unemployment data for the City and the Commonwealth since 2012:

	City of Danville			Commonwealth of Virginia		
Year	Labor Force	Unemployed	Unemployment Rate	Labor Force	Unemployed	Unemployment Rate
2012	19,924	2,022	10.1%	4,217,529	250,378	5.9%
2013	19,789	1,894	9.6	4,238,377	236,320	5.6
2014	19,649	1,673	8.5	4,258,856	217,948	5.1
2015	19,184	1,365	7.1	4,233,981	185,900	4.4
2016	19,125	1,141	6.0	4,254,348	169,526	4.0
2017	20,028	1,122	5.6	4,333,556	159,103	3.7
2018	19,656	984	5.0	4,361,378	128,406	2.9
2019	19,223	923	4.8	4,427,338	118,716	2.7
2020	19,250	1,871	9.7	4,346,644	271,407	6.2
2021*	19,385	1,068	5.5	4,269,118	127,514	3.0

Source: Bureau of Labor Statistics.
* As of October 2021 (latest information available).

Per Capita Personal Income Estimates

The following table shows the per capita income estimates for the Danville Metropolitan Statistical Area ("MSA") and the Commonwealth since 2015.

	2015	2016	2017	2018	2019	2020
Danville MSA	$33,745	$34,329	$35,598	$36,858	$38,117	$42,121*
Commonwealth of Virginia	52,379	53,439	55,181	56,978	58,738	61,958*

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
* Latest information available.
Note: Danville MSA includes the City and Pittsylvania County.

Taxable Retail Sales

The City's retail sales information for the calendar years 2011 through 2020 is presented below.

Calendar Year	Taxable Retail Sales[1]
2011	$731,973,526
2012	741,187,037
2013	741,247,957
2014	737,900,623
2015	770,375,645
2016	787,030,012
2017	793,761,924
2018	801,635,146
2019	781,216,282
2020	817,774,685

Source: Virginia Department of Taxation.
(1) Includes only those sales subject to Virginia Sales and Use Tax.

Building Permits

The value of building permits issued for each of the past ten fiscal years is shown below:

	Residential		Commercial		Total	
Fiscal Year	No.	Value	No.	Value	No.	Value
2012	380	$4,872,383	219	$26,385,997	599	$31,258,380
2013	366	4,030,618	192	41,763,373	558	45,793,991
2014	482	4,463,208	171	31,570,742	653	36,033,950
2015	559	5,366,361	161	44,285,872	720	49,652,233
2016	377	3,650,832	182	43,222,570	559	46,873,402
2017	328	3,426,354	159	50,193,652	487	53,620,006
2018	253	3,178,468	136	30,694,033	389	33,872,501
2019	334	3,877,530	157	27,445,899	491	31,323,429
2020	298	3,262,691	143	53,824,986	441	57,087,677
2021	145	3,076,134	114	30,148,737	259	33,224,871

Source: Inspection Division, Department of Engineering, City of Danville.

Casino Development

At a referendum held on November 3, 2020, City voters approved the location of a casino gaming establishment at the former Dan River Mills Schoolfield Division site within the geographic boundaries of the City. Subject to further regulatory approval by the Virginia Lottery Board, the City has negotiated a comprehensive casino development agreement with Caesars Entertainment ("Caesars") providing for the details of the casino project that Caesars proposes to build and Caesar's financial commitments to the City. The agreement contemplates that Caesars will make an initial capital investment of at least $400 million to develop the project on the Schoolfield site, including a casino, restaurant options, a hotel and a conference center. The total investment in the project is currently expected to exceed $500 million and to feature a 500-room hotel. Caesars has estimated that the project will result in approximately 900 construction-related jobs during the development of the project and that, upon completion, the casino's operations will require approximately 1,300 full-time equivalent employees. The comprehensive agreement provides for various financial commitments that Caesars intends to make, including a lump sum payment of $15 million to the City, a payment of $5 million to purchase the Schoolfield property from the City's economic development authority, an annual gaming fee, and related fees and taxes. The annual gaming fee will be determined pursuant to a revenue sharing formula, but Ceasars has agreed to a minimum annual payment of $5 million. Caesars has estimated that, within the first three years of operation, new annually recurring revenues to the City (including the gaming fee, related fees and taxes) will exceed $30 million. In December 2020, Caesar's Entertainment fulfilled its initial commitments, paying the City the lump sum payment of $15 million as well as closing on the purchase of the Schoolfield property for $5 million. On September 16, 2021, Caesar's Entertainment unveiled the design plan for the casino, announcing that site preparation was already underway with an expectation to break ground in [December 2021] and to be fully operating by the end of calendar year 2023. [ADDRESS ANY FURTHER UPDATES ON TIMING AND SCOPE OF PROJECT]

FINANCIAL INFORMATION

Budgeting, Accounting, and Auditing

No later than April 1 of each year, the City Manager is required by the City Charter to prepare and submit to the City Council for its consideration a proposed annual budget (the "Budget") for the ensuing fiscal year beginning on the next July 1 and ending on June 30 of the following year. The Budget is to be based upon detailed estimates furnished by the departments and divisions of the City. No later than April 30, the City Manager, after consultation with the City Council, is required to have the Budget completed and ready for introduction at a regular or special meeting of the City Council. A public hearing on the Budget is held after a synopsis of the Budget is published in a newspaper having general circulation in the City and notice is given of the public hearing. After the conclusion of the public hearing, the City Council may insert new items of expenditure or may increase, decrease or strike out items of expenditure in the Budget, except for items of expenditure for debt service or items required by the City Charter or other provisions of law that cannot be reduced or stricken out. Prior to the beginning of each fiscal year, the City Council will pass an appropriation ordinance that will be based on the Budget submitted by the City Manager and will levy such taxes for the ensuing fiscal year as may be necessary to meet the appropriations not met by other revenues and all sums required by law to be raised for account of the City debt. The total amount of appropriations will not exceed the estimated revenues of the City.

A modified accrual basis of accounting is maintained for general governmental operations whereby expenditures are recorded when paid or when liabilities are incurred and revenues are recorded in the period when earned and available to fund appropriations for that period. The accrual basis of accounting is used in the Enterprise Funds and Internal Service Funds.

An annual audit is made of the accounts and records maintained in the offices of the Director of Finance and the School Board. The annual audit is made by independent certified public accountants appointed by the City Council. The financial statements of the City, presented in Appendix B to this Official Statement, are accompanied by a letter from Brown, Edwards & Company, L.L.P., Certified Public Accountants, Lynchburg, Virginia, the City's independent auditors. Brown, Edwards & Company, L.L.P., will not be reviewing any matters in connection with this Official Statement or any other matters related to the issuance of the Bonds.

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Five-Year Summary of General Fund Revenues and Expenditures

The financial data presented below summarize General Fund revenues and expenditures for the five fiscal years ended June 30, 2021. Such data have been compiled from the City's audited financial statements for the fiscal years 2017 through 2021. Financial data for the fiscal year ended June 30, 2021, should be read in conjunction with the related financial statements and notes thereto appearing in Appendix B.

FIVE-YEAR SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues	**2017**	**2018**	**2019**	**2020**	**2021**
Property taxes	$ 28,596,301	$ 31,117,992	$ 33,310,771	$ 34,153,100	$ 35,746,442
Other local taxes	25,692,229	26,108,521	27,198,315	27,164,991	30,105,742
Fines and forfeitures	362,431	353,857	386,050	312,163	291,892
Permits, privilege fees, and regulatory licenses	252,914	225,545	210,412	225,428	227,984
Revenue from use of money and property	431,229	495,970	1,605,235	1,138,935	406,128
Charges for services	3,972,083	3,839,592	3,794,107	3,614,031	3,150,022
Miscellaneous	87,624	63,935	72,885	71,956	293,667
Contributions					3,500
Recovered costs	4,004,748	4,050,183	4,523,323	7,125,623	7,247,169
Intergovernmental	19,642,484	19,306,928	19,251,439	19,658,583	19,458,370
Total Revenues	$ 83,042,043	$ 85,562,523	$ 90,352,537	$ 93,464,810	$ 96,930,916
Other Sources:					
Utilities	16,330,000	15,069,000	14,848,000	15,353,000	15,353,000
Issuance of Debt	567,373	239,725	120,859	-	-
Total Revenues and Other Sources	$ 99,939,416	$100,871,248	$105,321,396	$108,817,810	$112,283,916

Expenditures					
General government administration	$ 7,934,783	$ 8,236,640	$ 8,508,828	$10,583,130	$ 11,365,262
Judicial administration	6,478,626	6,747,429	6,683,011	7,071,957	7,094,844
Public safety	28,354,090	27,525,523	28,697,885	30,116,548	28,368,548
Public works	4,214,138	3,481,295	3,418,421	3,439,511	3,513,922
Health and welfare	8,883,746	9,062,591	9,129,170	8,883,604	9,062,253
Education	17,371,819	18,907,327	21,096,331	20,989,478	20,599,440
Parks, recreation, and cultural	4,698,731	4,672,626	4,510,886	4,369,398	4,465,591
Community development	3,305,842	2,770,748	2,540,157	2,131,242	1,900,600
Non-departmental	8,955,634	6,835,546	7,238,297	7,031,629	9,445,878
Debt Service					
Principal	3,083,791	3,077,253	3,363,625	3,673,417	3,998,093
Interest/Other Charges	1,459,422	1,737,714	1,673,231	1,830,603	1,542,089
Total Expenditures	$ 94,740,622	$ 93,054,692	$ 96,859,842	$100,015,185	$101,356,520
Operating Transfers/Out	11,216,315	11,273,371	8,039,609	5,432,050	7,147,993
Total Expenditures and Other Uses	$105,956,937	$104,328,063	$104,899,451	$105,447,235	$108,504,513
Net changes in fund balance	($ 6,017,521)	($ 3,456,815)	$ 421,945	$ 3,370,575	$ 3,779,403
Fund balance, beginning of year	$ 48,992,905	$ 42,975,384	$ 39,518,569	$ 39,940,514	$ 43,311,089
Fund balance, end of year	$ 42,975,384	$ 39,518,569	$ 39,940,514	$ 43,311,089	$ 47,090,492

General Fund Budget

The financial data presented below summarizes the adopted General Fund Budget for fiscal years 2021 and 2022.

GENERAL FUND BUDGETS FOR FISCAL YEARS 2021 AND 2022

	2021	2022
Revenues		
General Property Tax	$ 34,515,700	$ 35,212,000
Other Local Taxes	28,117,000	29,064,030
Licenses, Permits, Privilege	258,350	1,196,690
Fines/Forfeitures	345,550	338,050
Rev-Use Money/Property	1,158,590	865,730
Charges for Services	3,393,360	3,295,520
Miscellaneous	125,400	305,170
Recovered Cost	7,958,250	8,128,990
Non-Categorical State Aid	5,868,720	5,726,620
Categorical Aid State Shared	5,174,940	5,260,160
Categorical Aid State	9,424,830	9,614,460
Total Revenues	$ 96,340,690	$ 99,007,420
Expenditures		
General Government	$ 10,911,940	$ 11,891,700
Judicial Administration	7,189,000	7,443,830
Public Safety	30,847,580	32,186,830
Non-Departmental	9,537,480	9,616,220
Community & Economic Development	2,111,780	1,821,200
Public Works & Transportation	4,401,510	4,626,530
Health & Welfare	8,926,890	9,307,760
Parks, Recreation, & Cultural	5,187,540	5,425,780
Support of Schools	22,812,500	22,812,500
Support of Other Entities	1,190,930	1,234,680
Total Expenditures	$103,117,150	$106,367,030
Debt Service		
Principal Retirement	$ 3,914,870	$ 4,282,730
Interest Payments & Other Fiscal Charges	1,627,480	1,723,170
Total Debt Service	$ 5,542,350	$ 6,005,900
Excess (deficiency) of Revenues over Expenditures	$(12,318,810)	$(13,365,510)
Other Financing Sources (uses)		
Transfers in	$ 15,353,000	$ 15,709,000
Transfers out	(6,991,800)	(2,343,490)
Total other Financing Sources (uses)	$ 8,361,200	$ 13,365,510
Net Change in Fund Balances	$ (3,957,610)	$ -
Fund Balance, Beginning of Year	39,940,634	39,940,634
Fund Balance, End of Year	$ 35,983,024	$ 39,940,634

Source: Department of Finance, City of Danville.

Fiscal Year 2022 Budget Discussion

The General Fund budget for fiscal year 2022 was adopted on May 18, 2021, and includes no tax increases.

The fiscal year 2022 General Fund budgeted revenues of $114,716,420 (which differs from the amount referenced in the table above because it includes transfers in) represents a 2.7% increase from the fiscal year 2021 budgeted amount. The increase is a result of increased assessed values for property, growth in local consumer taxes and certain permitting fees anticipated to be paid by Caesar's Entertainment for construction of the $500 million casino resort.

The fiscal year 2022 budget does not include any anticipated use of unassigned fund balance.

[PROVIDE BRIEF DESCRIPTION OF FY 2022 PERFORMANCE YTD]

General Fund Revenues and Expenditures

The General Fund is the primary operating fund maintained by the City to account for revenue derived from City property taxes, other local taxes, fines, forfeitures, licenses, fees, permits, reimbursement of certain City expenses shared by the Commonwealth, certain Commonwealth-collected revenues and transfers from the Enterprise Fund. General Fund expenditures include the costs of general City government, transfers to the School Operating Fund to pay the local share of operating the City's public school system, certain capital expenditures and transfers to the Debt Service Fund to provide for the payment of debt service on the City's general government and school bonds.

The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures.

Revenues

General Property Taxes - An annual ad valorem tax is levied by the City Council on the assessed value of real and personal property located within the City as of July 1 and January 1, respectively. Except as referenced in the following paragraph, there are no constitutional or statutory limitations upon the City's ability to levy taxes on real or personal property. The ratio of the assessed value of real property to its fair market value is 100%. Real property taxes and personal property taxes are payable in two installments on December 5 and June 5 of the fiscal year in which they are levied. The penalty for late payment is 10% of the amount of taxes due. Interest on delinquent taxes and penalties accrues at a rate of 10% per annum. Property taxes (including penalties for late payment of prior years' taxes) represented 32% of total General Fund revenues and other sources for the fiscal year ended June 30, 2021.

Pursuant to the Personal Property Tax Relief Act of 1998 (Chapter 35.1, Title 58.1 of the Code of Virginia of 1950, as amended), personal property taxes applicable to the first $20,000 in assessed value of certain individually owned motor vehicles were to be eliminated over a period of time. Such legislation provided a formula for the Commonwealth generally to reimburse localities, including the City, for up to 100% of the decrease in revenues attributable to such tax. The timing and the amount of such reimbursements, however, were subject to annual appropriation and further modification by the General Assembly. Implementation of such reimbursements began with fiscal year 1998, with the level of reimbursement reaching 70%. Beginning in 2006, reimbursement by the Commonwealth to localities was capped at $950 million. The City received $3,593,576 in the fiscal year ended June 30, 2021.

Other Local Taxes - The City levies various other local taxes, including: a sales and use tax; business, professional, and occupational license taxes; a motor vehicle license tax; a meals tax; a recordation tax; and a tax on consumer telephone bills. Other local taxes represented 27% of total General Fund revenues and other sources for the fiscal year ended June 30, 2021.

Intergovernmental Revenue - The City received revenue from the Commonwealth for a portion of shared categorical expenses, including certain expenditures for social services and the operation of constitutional offices. The City also receives a significant amount of aid from the Commonwealth in support of the public school system; however, such revenues are credited directly to the School Operating Fund and are not reflected in the General Fund. Revenues from the Commonwealth represented 17% of total General Fund revenues and other sources for the fiscal year ended June 30, 2021.

Other Revenues - Other sources of revenues for the General Fund represent 24% of total General Fund revenues and other sources for the fiscal year ended June 30, 2021, and include permits, privilege fees and regulatory licenses, fines and forfeitures, interest on General Fund investments, transfers from the Utility Fund, certain charges for services rendered, various recovered costs and miscellaneous other sources.

Expenditures

Costs of General City Government - Payments for the costs of the operation of the City government are made from the General Fund. Such costs include expenditures for public safety, general administration, public works, health and welfare, education, community development and social services. This classification represented [__]% of total General Fund expenditures and other uses for the fiscal year ended June 30, 2021.

Transfer to Special Revenue Funds - The City transfers moneys from the General Fund to the Special Revenue Funds, principally the School Operating Fund, to pay the City's share of the costs of operating the public school system. This transfer represented [__]% of total expenditures and other uses from the General Fund for the fiscal year ended June 30, 2021. No debt service on the City's school bonds is paid from the School Operating Fund.

Transfers to Debt Service Fund - Debt service requirements on City general government and school bonds are paid by transfers from the General Fund to the Debt Service Fund. Such transfers represented [__]% of total General Fund expenditures and other uses for the fiscal year ended June 30, 2021.

Transfers to the Capital Fund - The City has elected to finance certain capital projects from current revenues, and such expenditures comprise the primary portion of this category. These transfers were [__]% of the total expenditures and other uses of the General Fund for the fiscal year ended June 30, 2021.

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Operating Data

The tables below represent a summary of real and personal property tax levies and collections for recent fiscal years. [CLARIFY COLLECTIONS AND ADJUSTMENTS IN SUBSEQUENT YEARS FOR FY 2018 THROUGH 2020]

REAL ESTATE TAX COLLECTIONS

Fiscal Year	Tax Rate Per $100	Original Levy[1]	Collections & Adjustments Through End of Month in which 2nd Half Tax Due[1]	Percentage of Original Levy Collected in Year of Levy[1]	Uncollected at End of Month in which 2nd Half Tax Due[1]	Percentage of Original Levy Uncollected at End of Month in which 2nd Half Tax Due[1]	Collections & Adjustments in Subsequent Years[1]	Total Collections & Adjustments Through June 30, 2021	Uncollected Balance At June 30, 2021	Percentage of Original Levy Collected At June 30, 2021
2012	$0.73	$16,321,848	$15,319,292	93.86%	$1,002,556	6.14%	$ 939,955	$16,259,247	$ 62,601	99.62%
2013	0.73	16,165,990	15,204,912	94.05	961,078	5.95	887,541	16,092,453	73,537	99.55
2014	0.73	16,241,177	15,223,541	93.73	1,017,636	6.27	930,109	16,153,650	87,527	99.46
2015	0.73	16,175,657	14,985,466	92.64	1,190,191	7.36	1,084,261	16,069,727	105,930	99.35
2016	0.73	16,226,974	15,323,516	94.43	903,458	5.57	719,019	16,042,535	184,439	98.86
2017	0.73	16,243,600	15,357,140	94.54	886,460	5.46	498,275	15,855,415	388,185	97.61
2018	0.80	18,049,905	16,926,921	93.78	1,122,984	6.22	-	16,926,921	1,122,984	93.78
2019	0.80	17,955,991	17,040,137	94.90	915,854	5.10	-	17,040,137	915,854	94.90
2020	0.84	18,865,804	17,948,051	95.14	917,753	4.86	-	17,948,051	917,753	95.14
2021	0.84	19,419,765	18,554,950	95.55	864,815	4.45	-	18,554,950	864,816	95.55

Source: Director of Finance, City of Danville.

(1) Taxes assessed on fiscal year basis, with the 1st half due on December 5 of each year and the 2nd half due on June 5 of each year.

PERSONAL PROPERTY/MACHINERY AND TOOLS TAX COLLECTIONS

[CLARIFY CHANGES FROM TABLE IN 2021 OS FEATURING UNAUDITED RESULTS – SEE ATTACHED REDLINE]

Fiscal Year	Tax Rate Per $100[5]	Original Levy[1]	Collections & Adjustments through End of Month in which 2nd Half Tax Due[1]	Percentage of Original Levy Collected in Year of Levy[1]	Uncollected at End of Month in which 2nd Half Tax Due [1]	Percentage of Original Levy Uncollected at End of Month in which 2nd Half Tax Due[1]	Collections & Adjustments in Subsequent Years[1]	Total Collections & Adjustments Through June 30, 2021	Uncollected Balance At June 30, 2021[1]	Percentage of Original Levy Collected At June 30, 2021
2012	3.00	$10,330,962	$10,139,346	98.15%	$ 191,616[3]	1.85%	$ 101,453	$10,240,799	$ 90,163	99.13%
2013	3.00	10,210,303	9,944,695	97.40	265,608[3]	2.60	167,705	10,112,400	97,903	99.04
2014	3.00	10,560,822	10,271,351	97.26	289,471[3]	2.74	179,777	10,451,128	109,694	98.96
2015	3.00	10,897,755	10,677,434	97.98	220,322[4]	2.02	114,850	10,792,283	105,472	99.03
2016	3.00	11,197,466	10,975,442	98.02	222,025[4]	1.98	87,786	11,063,227	134,239	98.80
2017	3.00	11,183,892	4,094,676	36.61	7,089,216[3]	63.39	6,944,287	11,038,963	144,929	98.70
2018	3.50	13,362,140	5,200,943	38.92	8,161,197[3]	61.08	7,700,503	12,901,446	460,694	96.55
2019	3.50	13,546,839	4,986,240	36.81	8,560,599[3]	63.19	-	4,986,240	8,560,599	36.81
2020	3.60	14,006,837	5,363,605	38.29	8,643,232[4]	61.71	-	5,363,605	8,643,232	38.29
2021	3.60	15,199,589	5,791,027	38.10	9,408,562[4]	61.90	-	5,791,027	9,408,562	38.10

Source: Department of Finance, City of Danville.

(1) Beginning on January 1, 1999, the City has levied taxes on a calendar year basis with 1st half taxes due on June 5th and 2nd half taxes due on December 5th.

(2) According to state law, uncollected personal property taxes are collectible five years following the year of levy.

(3) Personal property tax uncollected reported as of June 30 of subsequent fiscal year.

(4) This includes the second half of the tax levy, which is not due until December 5th, and also the Personal Property Tax Relief Act (PPTRA) funds from the Commonwealth. PPTRA funds amounting to $3,593,576 are received in three installments during July, August and November each year, therefore, are shown as uncollected at June 30.

(5) Personal property tax rate shown is for personal property, which is the largest portion of the tax levy. However, data includes (a) Machinery and Tools ($1.50 per $100), (b) Mobile Home ($0.73 per $100 for year prior to 2018 and $.80 per year effective with FY 2018) and (c) Aircraft ($0.30 per $100).

The following table provides a listing of the fifteen largest real estate taxpayers in the City for the period ended June 30, 2021.

FIFTEEN LARGEST REAL ESTATE TAXPAYERS

Taxpayer	Total Assessed Value	% of Total Assessed Value[1]
Danville Regional Medical Center LLC	$77,847,500	3.44%
Goodyear Tire and Rubber Company	29,245,500	1.29
JTI Leaf Services US LLC	22,019,100	0.97
NAP Coleman Marketplace LLC	18,641,100	0.82
ITG Brands, LLC	15,659,700	0.69
Daniel Group Inc.	14,321,000	0.63
River District Tower LLC	13,776,700	0.61
Piedmont Lands of Virginia LLC	12,844,800	0.57
EBI LLC	10,427,300	0.46
Essel Propack	10,382,500	0.46
Wal-Mart Real Estate Business Trust	10,149,500	0.45
Danville Mall LLC (Piedmont Mall LLC)	9,089,300	0.40
Sams Real Estate Business Trust	8,927,400	0.39
Pemberton Lofts LLC	8,639,000	0.38
Dan Shopping Center, Inc.	8,126,500	0.36
	$270,096,900	11.94%

Source: Department of Finance, City of Danville.
[1] Total Fiscal Year 2021 Assessed Real Estate Value is $2,319,769,100 for the City of Danville.

Local tax revenues are derived primarily from real and personal property located within the City. Both real and personal property were assessed at the estimated fair market value for the years shown below. The following table illustrates the trends in value:

SCHEDULE OF ASSESSED PROPERTY VALUES[1]

Fiscal Year	Assessed Value of Real Property	Assessed Value of Personal Property	Assessed Value of Machinery and Tools	Assessed Value of Mobile Homes	Assessed Value of Public Service Corp.	Assessed Value of Aircraft	Total Assessed Value
2012	$2,257,904,600	$297,930,560	$91,384,107	$4,070,257	$46,789,855	$4,259,000	$2,702,338,379
2013	2,232,454,800	301,421,189	89,409,088	3,889,155	46,254,322	2,488,700	2,675,917,254
2014	2,245,455,200	303,862,061	85,276,081	3,157,546	46,364,169	5,596,700	2,689,711,757
2015	2,234,658,900	314,269,866	88,642,291	3,089,306	46,364,169	5,376,000	2,692,400,532
2016	2,240,747,200	322,874,514	89,676,124	2,825,460	46,578,273	8,061,770	2,710,763,341
2017	2,235,165,800	329,465,928	97,330,638	2,816,476	48,506,117	7,601,044	2,720,886,003
2018	2,270,914,500	340,099,963	112,709,350	3,061,340	49,032,295	7,469,241	2,783,286,689
2019	2,261,428,500	347,473,090	117,196,127	3,025,660	60,222,468	7,040,932	2,796,386,777
2020	2,262,959,300	349,438,279	114,095,791	3,180,324	59,098,352	8,939,000	2,797,711,046
2021	2,319,769,100	385,394,693	109,652,377	3,285,196	61,970,778	7,317,800	2,887,389,944

Source: Department of Finance, City of Danville.
[1] Real property is assessed on a fiscal year basis; all other property is assessed on calendar year basis.

PROPERTY TAX RATES
(Per $100 Assessed Value)

Fiscal Year	Real Property[1]	Personal Property	Machinery and Tools	Aircraft
2012	$.73	$3.00	$1.50	$.30
2013	.73	3.00	1.50	.30
2014	.73	3.00	1.50	.30
2015	.73	3.00	1.50	.30
2016	.73	3.00	1.50	.30
2017	.73	3.00	1.50	.30
2018	.80	3.50	1.50	.30
2019	.80	3.50	1.50	.30
2020	.84	3.60	1.50	.30
2021	.84	3.60	1.50	.30

Source: Department of Finance, City of Danville.
(1) Includes mobile homes.

Pension Fund Information

[CONFIRM NO UPDATES] The City participates in two public employee retirement systems: (1) the Employees' Retirement System of the City of Danville ("ERS"), which is a single-employer defined benefit plan established in 1946 and placed under the management of a board of trustees for the purpose of providing retirement, disability and death benefits for full-time, permanent employees of the City and (2) the Virginia Retirement System ("VRS"), which is a multi-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth (and is therefore not reflected as a City pension trust fund).

The City makes annual contributions to the ERS plan. As of July 1, 2020, the actuarial value of assets for the ERS plan was approximately $255.9 million and the actuarial accrued liability was approximately $244.4 million, resulting in an overfunded actuarial accrued liability ("UAAL") of approximately $11.5 million. The funded ratio was 104.9% as of such date.

With respect to the ERS plan, the City Council adopted a resolution on December 4, 2012, abolishing the practice of granting post-retirement cost of living adjustments ("COLA") for its retirees. The COLA approach was replaced with a bonus system calling for appropriations by City Council from its annual expense budget based on affordability and sustainability criteria that include the funded status of the ERS plan, the status of the City's budget, and the amount of the City's normal cost contribution to the pension plan. As a result, along with favorable market performance, the unfunded liability decreased $28.2 million in the year following adoption. The City has maintained the funding ratio at approximately 100% for the past five years. The City Council also adopted a resolution on August 20, 2019, to require an employee contribution for those hired on or after September 1, 2019. The employee contribution for such employees is 50% of the City's full contribution rate, but is capped at the VRS employee contribution rate (currently 5%).

The City contributes to VRS for constitutional officers and their employees. The latest VRS valuation data available to the City is dated June 30, 2019. As of that date, with respect to the City's portion of the VRS plan, the actuarial value of assets was approximately $25.7 million and the actuarial accrued liability was approximately $28.3 million, resulting in a UAAL of approximately $2.6 million. The funded ratio for the VRS plan was 91% as of such date.

In addition to the City's participation in the VRS plan, the Danville Public Schools contribute to VRS for their professional and non-professional employees.

See Notes 17 and 18 in the City's audited financial statements attached hereto as Appendix B for a more detailed description of the ERS and VRS plans.

Post-Employment Benefits Other than Pensions

The City is a non-participating employer under the State's Line of Duty Act ("LODA"), and therefore directly funds the cost of benefits provided under LODA. Participants in the plan include eligible public safety employees and volunteers of the City who are disabled or killed in the line of duty and their eligible family members. The City pays the following for eligible claimants under the plan: health benefit plan premiums for any claimant and/or eligible spouse and family member; death benefit of $100,000 (if death occurs as a direct result of performing duty; amount may vary for other causes of death) to eligible family members; funeral benefits (if requested); any administrative fees associated with the LODA claims; and retroactive health insurance premium reimbursements, if applicable.

Effective July 1, 2017, claimants become ineligible for LODA under the following circumstances: eligibility for Medicare due to age; income greater than pre-disability income; or remarriage by a surviving spouse. Existing participants with a death or disability eligibility date prior to July 1, 2017, and current/existing spouses who remarried prior to July 1, 2017, are grandfathered.

As of July 1, 2019, there were 19 retirees receiving benefits under LODA and 321 active employees eligible for LODA should the circumstances arise. Eighty-three of those eligible were Danville Life Saving Crew members. As of June 2021, the City's total OPEB liability was $7,005,877, which was determined based on an actuarial valuation performed as of July 1, 2019.

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 75 ("GASB No. 75") entitled "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," the City recognizes the costs of its Other Postemployment Benefits ("OPEB") during the period of its employee's active employment, while the benefits are being earned, and reports its unfunded actuarial accrued liability in order to accurately report the total future cost of postemployment benefits and the financial impact on the City. These GASB 75 requirements are very similar to requirements for pension benefits. The City implemented GASB No. 75 and incorporated such information into its financial statements beginning in fiscal year 2018.

As of June 30, 2021, the following changes in the City's net OPEB liability were estimated:

Balance at June 30, 2020	$6,514,340
Service Cost	142,310
Interest Cost	159,981
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	444,382
Benefit Payments	(255,136)
Net Change in OPEB Liability	491,537
Balance at June 30, 2021	$7,005,877

Source: Department of Finance, City of Danville.

For further information regarding the City's Post-Employment Benefits Other than Pensions, see Note 21 to the City's audited financial statements attached hereto as Appendix B.

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CITY INDEBTEDNESS AND CAPITAL PLANS

Debt Administration

The Constitution of Virginia authorizes a city in Virginia to issue bonds and notes secured by a pledge of its full faith and credit. The Constitution limits the amount of such indebtedness to 10% of the assessed valuation of real estate subject to taxation by the city.

According to the Public Finance Act of 1991, the City can issue bonds only in accordance with its City Charter. The City Charter provides that the City shall not issue any bonds without approval by the qualified voters at an election, except that the City Council may authorize bonds or notes for the purposes and in the amounts in any one fiscal year as set out below without an election. Contractual obligations other than bonds and notes are excluded from the election requirement.

Purpose	**Amount Per Fiscal Year**
Capital expenditures other than capital expenditures relating to the City's water, sewer, gas and/or electric systems	$6,000,000
Capital expenditures relating to the City's water, sewer, gas and/or electric systems or other specific undertakings from which the City may derive a revenue	$10,000,000
Capital expenditures relating to City's water treatment, wastewater treatment, stormwater treatment, solid waste disposal or recycling facilities and any extraordinary maintenance improvements or expansions of transmission and distribution infrastructure for the electric or gas systems	$25,000,000
Notes in anticipation of authorized bonds	The amount of authorized bonds
Compensation required by court order in annexation proceedings	No limit
Refunding bonds	Amount required to refund the refunded bonds
Anticipation of collection of revenue for the current fiscal year	$500,000

Statement of Legal Debt Margin at June 30, 2021

Debt Limit Per Constitution in Virginia -- 10% Assessed Value of Real Estate at June 30, 2021 ($2,319,769,100)		$231,976,910
Deduct:		
Gross Bonded Debt	98,976,421	
Less Bonds Issued Pursuant to Section 10, Article VII of the Constitution of Virginia:	-	
Net Debt Applicable Against Limit		98,976,421
Legal Debt Margin at June 30, 2021		$133,000,489

Source: Department of Finance, City of Danville.

General Obligation Bonded Debt Incurred Since June 30, 2021

On December 29, 2021, the City issued its $8,295,000 General Obligation Public Improvement Bonds, Series 2021 (the "2021 GO Bonds"), to finance capital expenditures for general governmental projects. The City has issued no other general obligation bonded debt since June 30, 2021.

Statement of Bonded Debt

The following table sets forth the annual principal and interest payments on the outstanding general obligation long-term bonded indebtedness of the City, including literary loans and general obligation indebtedness expected to be paid from utility revenues, but excluding indebtedness payable solely from utility revenues and debt on installment loans and lease obligations.

ESTIMATED GENERAL OBLIGATION BONDED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Total Outstanding Bond Debt Service as of June 30, 2021			Plus General Obligation Public Improvement Bonds, Series 2021 Debt Service			Plus General Obligation School Bonds, Series 2022 Debt Service			Total Debt Service [1]
	Principal	Interest	Total[1]	Principal	Interest	Total[1]	Principal	Interest	Total[1]	
2022	$8,514,755	$ 3,472,315	$ 11,987,069	$ -	$ 47,446	$ 47,446				
2023	6,941,667	3,115,886	10,057,553	280,000	268,494	548,494				
2024	7,206,667	2,832,924	10,039,590	295,000	254,119	549,119				
2025	7,526,667	2,521,074	10,047,740	305,000	239,119	544,119				
2026	7,861,667	2,196,994	10,058,660	325,000	223,369	548,369				
2027	5,911,667	1,873,434	7,785,100	340,000	206,744	546,744				
2028	5,816,667	1,634,344	7,451,010	355,000	189,369	544,369				
2029	6,056,667	1,411,266	7,467,933	370,000	177,719	547,719				
2030	5,406,667	1,205,569	6,612,235	375,000	172,131	547,131				
2031	4,646,667	1,040,969	5,687,635	385,000	159,694	544,694				
2032	4,801,667	887,338	5,689,004	405,000	139,944	544,944				
2033	4,490,000	737,175	5,227,175	425,000	121,319	546,319				
2034	4,630,000	606,300	5,236,300	445,000	103,919	548,919				
2035	4,315,000	474,706	4,789,706	460,000	88,119	548,119				
2036	4,265,000	351,803	4,616,803	470,000	76,519	546,519				
2037	3,385,000	239,850	3,624,850	480,000	67,019	547,019				
2038	2,870,000	145,219	3,015,219	490,000	54,869	544,869				
2039	2,100,000	77,488	2,177,488	505,000	39,944	544,944				
2040	1,505,000	31,550	1,536,550	520,000	27,169	547,169				
2041	725,000	7,250	732,250	530,000	16,669	546,669				
2042	-	-	-	535,000	5,684	540,684				
	$98,976,421	$24,863,452	$123,839,870	$8,295,000	$2,679,374	$10,974,374				

Source: Department of Finance, City of Danville.
[1] Totals may not add due to rounding.

The rapidity with which the above-referenced debt (excluding the 2021 GO Bonds), as of June 30, 2021, will be repaid is as follows:

Year	Amount Maturing	Percentage of Principal Repaid
5 Years	$38,051,422	38.44%
10 Years	65,889,755	66.57
15 Years	88,391,421	89.31
20 Years	98,976,421	100.00

The following table sets forth the debt service requirements for the City's undertakings that are subject to annual appropriation by City Council, including certain lease revenue bonds issued by the Danville IDA and certain moral obligation support agreements of the City.

DEBT SERVICE REQUIREMENTS
SUBJECT TO APPROPRIATION UNDERTAKINGS(1)(2)(3)
As of June 30, 2021

Fiscal Year	Principal	Interest	Total
2022	$ 794,500	$ 252,706	$ 1,047,206
2023	816,000	236,134	1,052,134
2024	837,500	218,997	1,056,497
2025	690,500	201,287	891,787
2026	10,597,000	175,224	10,772,224
2027	606,000	15,965	621,965
2028	617,000	4,597	621,597
	$14,958,500	$1,104,909	$16,063,409

Source: Department of Finance, City of Danville.
(1) The debt service payments reflected in this table include (a) the rental payments due in connection with the Danville IDA's (i) $10,000,000 Public Facility Lease Revenue Note, Series 2021A (Federally Taxable), and (ii) $4,184,000 Public Facility Lease Revenue Refunding Bond, Series 2021B (Federally Taxable), each issued on May 18, 2021, and (b) the City's share of the Danville-Pittsylvania Regional Industrial Facility Authority ("RIFA") moral obligation arrangements.
(2) Included in the figures in this table are contingent payments the City is expected to make under a Support Agreement dated August 1, 2019, with RIFA that pledges the City's moral obligation in support of half of the amount of debt service payments on RIFA's $2,545,000 Revenue Refunding Bonds (Cane Creek Project), Series 2019 (Taxable).
(3) Not included in the figures in this table are contingent payments that the City may make under the following arrangements (but is not expected to be called upon to make because other revenues are anticipated to be sufficient):
(a) a Moral Obligation Agreement dated January 6, 2011, with American National Bank in the maximum remaining amount of $1,800,413;
(b) a Moral Obligation Agreement dated March 19, 2013, with Virginia Small Business Financing Authority in the maximum remaining amount of $348,691;
(c) a Moral Obligation Agreement dated March 22, 2013, with American National Bank in the maximum remaining amount of $647,804;
(d) a Moral Obligation Agreement dated March 29, 2013, with Virginia Community Capital in the maximum remaining amount of $1,141,684;
(e) a Moral Obligation Agreement dated June 24, 2013, with American National Bank in the maximum remaining amount of $1,120,145;
(f) a Moral Obligation Agreement dated April 12, 2016, with American National Bank in the maximum remaining amount of $784,286;
(g) a Moral Obligation Agreement dated December 30, 2016, with American National Bank in the maximum remaining amount of $307,630;
(h) a Moral Obligation Agreement dated January 19, 2021, with Movement Bank in the maximum remaining amount of $524,000; and
(h) a Moral Obligation Agreement dated June 15, 2021, with American National Bank in the maximum remaining amount of $956,000.
Each of these moral obligation undertakings supports economic projects financed by the Danville IDA. Payments under all agreements are subject to annual appropriations by the City Council. The City does not currently expect that City payments will be requested under these agreements.

The rapidity with which the above-referenced obligations as of June 30, 2021, will be repaid is as follows:

Year	Amount Maturing	Percentage of Principal Repaid
5 Years	$13,735,500	91.82%
7 Years	14,958,500	100.00

Key Debt Ratios

Set forth below are the City's key debt ratios for the fiscal years indicated. [PLEASE HELP COMPLETE THE FY 2021 ROW FOR ANNUAL DEBT SERVICE]

		Assessed Value	Bonded Debt		Ratio of Bonded Debt to Assessed Value		Bonded Debt Per Capita	
Fiscal Year Ended June 30	Population	Real & Personal Property	General Fund Supported	Self-Sustaining Utilities	General Fund Supported	Self-Sustaining Utilities	General Fund Supported	Self-Sustaining Utilities
2012	43,332	$2,702,338,379	$31,756,730	$55,924,755	1.18	2.07	$ 732.87	$1,290.61
2013	43,400	2,675,917,254	31,523,096	57,637,831	1.18	2.15	726.34	1,328.06
2014	42,912	2,689,711,757	34,379,976	55,712,660	1.28	2.07	801.17	1,298.30
2015	42,975	2,692,400,532	35,893,854	51,844,337	1.33	1.93	835.23	1,206.38
2016	42,544	2,710,763,341	40,692,518	51,156,794	1.50	1.89	956.48	1,202.30
2017	41,898	2,719,983,192	44,302,180	46,345,271	1.63	1.70	1,057.38	1,106.15
2018	41,358	2,783,286,689	47,086,136	51,863,973	1.69	1.86	1,138.50	1,254.03
2019	40,590	2,796,386,777	45,379,138	47,365,047	1.62	1.69	1,117.99	1,166.91
2020	40,044	2,797,711,046	48,729,288	54,393,579	1.64	1.78	1,216.89	1,358.35
2021	42,590	2,887,389,944	47,939,470	51,036,951	1.66	1.77	1,125.60	1,198.33

Source: Department of Finance, City of Danville.
Note: The above bonded debt excludes lease revenue bonds and capital leases for equipment and other obligations that are subject to annual appropriation of funds by City Council for payment of debt service if the City had any of those types of debt in the applicable fiscal year.

		Debt Service		Percentage of Debt Service to Total Expenditures and Transfers	
Fiscal Year Ended June 30	General Fund Expenditures and Transfers[(1)]	General Fund Supported[(2)]	Self-Sustaining Utilities[(3)]	General Fund Supported	Self-Sustaining Utilities
2012	$103,391,295	$5,019,639	$5,255,176	4.85%	5.08%
2013	106,338,114	2,535,106	5,548,634	2.38	5.22
2014	96,219,849	2,627,291	5,910,354	2.73	6.14
2015	97,425,074	2,997,576	6,457,773	3.08	6.63
2016	98,699,153	3,134,170	6,354,661	3.18	6.44
2017	105,956,937	4,512,363	6,731,365	4.26	6.35
2018	104,328,063	4,668,273	6,719,510	4.47	6.44
2019	104,899,451	5,018,545	6,944,393	4.78	6.62
2020	105,552,567	5,313,968	6,551,344	5.08	6.27
2021	108,504,513				

Source: Department of Finance, City of Danville.
(1) Includes General Fund, Danville School Board, Danville Development Council and Transfers Out.
(2) Includes tax supported bonds, school bonds, reimbursables, leases, notes and long-term debt.
(3) Includes utility supported bonds, reimbursables, leases, notes and long-term debt.

Capital Improvement Plan

The City Council approved the Capital Improvement Plan (CIP) for fiscal years 2022-2026 on May 18, 2021. The CIP is normally reviewed and updated on an annual basis as a part of the budget process to reflect changing priorities, cost estimates and financing strategies. The City Council appropriates funds for capital project expenditures on a project-by-project basis as the funding sources become available.

ADOPTED GENERAL FUND CAPITAL PROJECTS – FY 2022
CITY COUNCIL APPROVED GENERAL FUND CAPITAL PROJECTS – FY 2023-2026

		CITY COUNCIL APPROVED				5-Yr. Total
Uses of Funds	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2022-26**
Community Development	$ 1,250,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 3,250,000
Economic Development	4,061,170	5,810,000	3,100,000	3,100,000	3,100,000	19,171,170
Fire Department	575,270	598,280	622,213	647,100	673,000	3,115,863
Information Technology	500,950	2,100,000	734,000	550,000	500,000	4,384,950
Parks & Recreation	6,145,000	270,000	170,000	170,000	170,000	6,925,000
Police Department – Admin	282,040	237,800	75,000	-	-	594,840
Police Department – Adult Detention	-	70,000	-	-	-	70,000
Public Works – Building & Grounds	2,100,000	3,300,000	1,500,000	3,000,000	1,425,000	11,325,000
Public Works – Engineering & Streets	1,959,100	2,025,000	5,078,896	2,774,519	99,703,995	111,541,510
Public Schools	3,341,687	7,853,850	2,089,760	6,099,780	2,837,620	22,222,697
Transportation Services	3,808,771	3,184,926	500,000	213,000	1,902,900	9,609,597
Total Projects	**$24,023,988**	**$25,949,856**	**$14,369,869**	**$17,054,399**	**$110,812,515**	**$192,210,627**

SUMMARY OF FUNDING SOURCES
ADOPTED CAPITAL PROJECTS – FY 2022
CITY COUNCIL APPROVED CAPITAL PROJECTS – FY 2022-2026

		CITY COUNCIL APPROVED				5-Yr. Total
Sources of Funds	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2022-26**
Bonds	$16,159,660	$ -	$ -	$ -	$ -	$ 16,159,660
Grants/Aid	614,169	2,085,941	190,000	1,285,320	96,724,471	100,899,901
General Fund Revenues & Carryovers	7,250,159	9,810,065	5,536,213	6,569,299	7,650,424	36,816,160
Fund Balance	-	2,100,000	2,100,000	2,100,000	2,100,000	8,400,000
Other	-	11,953,850	6,543,656	7,099,780	4,337,620	29,934,906
Total Funds	**$24,023,988**	**$25,949,856**	**$14,369,869**	**$17,054,399**	**$110,812,515**	**$192,210,627**

The CIP for fiscal years 2022-2026 was approved by the City Council prior to the November 2021 referendum on the issuance of the General Obligation School Bonds, Series 2022, and, therefore, the planned issuance of such Bonds is not reflected in the above summary of the CIP. [DISCUSS WHETHER TO INCLUDE UPDATED CIP]

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CITY OF DANVILLE
SUMMARY OF CAPITAL PROJECTS AND
FUNDING SOURCES FOR UTILITY FUNDS
ADOPTED CAPITAL PROJECTS – FY 2022
COUNCIL APPROVED CAPITAL PROJECTS – FY 2022-2026

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	5 Yr. Total
Uses of Funds						
Wastewater Fund	$ 3,550,000	$ 1,550,000	$1,350,000	$1,350,000	$1,350,000	$ 9,150,000
Water Fund	2,544,260	1,500,000	1,500,000	1,500,000	1,500,000	8,544,260
Gas Fund	1,213,790	1,000,000	1,000,000	1,000,000	1,000,000	5,213,790
Electric Fund	8,551,240	6,500,000	4,500,000	4,500,000	1,500,000	25,551,240
Telecommunications Fund	50,000	300,000	300,000	300,000	-	950,000
Total	$15,909,290	$10,850,000	$8,650,000	$8,650,000	$5,350,000	$49,409,290
Sources of Funds						
Bonds	$ -	$ 6,500,000	$4,500,000	$4,500,000	$1,500,000	$17,000,000
Utility Fund Revenues	12,209,290	3,350,000	4,150,000	4,150,000	3,850,000	27,709,290
Fund Balance	3,700,000	1,000,000	-	-	-	4,700,000
Total	$15,909,290	$10,850,000	$8,650,000	$8,650,000	$5,350,000	$49,409,290

Council Letter
City of Danville, Virginia

CL-2736 **New Business C.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Moral Obligation for 512 Bridge Street

From: Kelvin Perry, Project Manager

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

This request is for approval for a moral obligation resolution from the City to support a loan renewal from American National Bank and Trust Co., to the Industrial Development Authority of Danville for property located at 512 Bridge Street Danville, Virginia. This property is commonly known as the Dimon Headquarters building and now houses Averett University's Riverview Campus, and the offices for the Danville Regional Foundation. The original financing arrangement for the purchase and up-fit of the property was a mortgage with a five-year fixed interest rate to be renewed after a five period. American National Bank has committed to renew the loan to sufficiently amortize the balance over 130 months with the principal balance due at maturity, which is sixty months from the loan closing date. By approving this moral obligation resolution, Council is reaffirming the obligation to back a loan to the IDA that was originally $2.7 million and has a new principal balance of $1.7 million.

BACKGROUND

American National Bank and Trust Company provided financing for the purchase and up-fit of the former Dimon Tobacco Headquarters building located at 512 Bridge Street, Danville, Virginia. The building currently serves as Averett University's Riverview Campus where the School of Nursing and Continuing Education Department are located, and the offices for the Danville Regional Foundation (DRF). The building has very successfully met the intent of both Averett University and DRF.

American National Bank made its loan on the basis of a variable interest mortgage and the structure requires settlement of a balloon payment every five years. This request represents the second of the five-year term and the bank has agreed to lower the interest rate from 4.50% to 4.00% given anticipated rising interest rates. The two tenants in the building have requested to renew their arrangement with the IDA.

Since this action is simply a continuance of an existing obligation to the City, and further, since the tenants have been prompt in paying their portions of the amortization of the loan and other expenses including utilities, insurance, and routine maintenance, there appears to be very low risk for the City to provide the moral obligation that the bank is requiring for this transaction.

RECOMMENDATION

Staff recommends that Council approves the attached resolution authorizing a moral obligation in the amount of $1,750,000.00 in favor of American National Bank and Trust Company for real estate located at 512 Bridge Street, Danville, Virginia.

Attachments

Resolution

Moral Obligation Agreement

PRESENTED: ________________________

ADOPTED: __________________________

RESOLUTION NO. 2022-____.____

A RESOLUTION AUTHORIZING AND APPROVING EXECUTION OF A MORAL OBLIGATION AGREEMENT BY AND BETWEEN THE CITY OF DANVILLE, VIRGINIA AND AMERICAN NATIONAL BANK AND TRUST COMPANY, A VIRGINIA BANKING CORPORATION.

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Danville, Virginia, that a Moral Obligation Agreement, substantially in the form attached hereto and made a part hereof, between the City of Danville and American National Bank and Trust Company, a Virginia banking corporation Company be, and the same hereby is, approved; and

BE IT FURTHER RESOLVED, that the City Manager, or his designee, be, and he is hereby, authorized and directed to execute such Moral Obligation Agreement on behalf of the City.

APPROVED:

____
Mayor

ATTEST:

____
City Clerk

Approved as to
Form and Legal Sufficiency:

____
City Attorney

MORAL OBLIGATION AGREEMENT OF CITY OF DANVILLE

THIS MORAL OBLIGATION AGREEMENT made as of the ___ day of March, 2022, by and between the **CITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "**City**"), and **AMERICAN NATIONAL BANK AND TRUST COMPANY**, a national banking association ("**American National**"), to-wit:

Background

A. The Industrial Development Authority of Danville, Virginia (the "**Authority**") was created under the Industrial Development and Revenue Bond Act (§15.2-4900 et seq.) of the Code of Virginia to promote development, industry and trade.

B. The Authority previously borrowed funds from American National for the purposes of acquiring and making improvements to real estate located at 512 Bridge Street, Danville, Virginia (the "**Property**"), in order to induce key tenants to locate particular aspects of their operations in the City's warehouse district, thereby promoting development and the economy of the City, and that loan was renewed in 2017 (the "**2017 Renewal Loan**"). The 2017 Renewal Loan made in connection with the Property is set to mature and the Authority seeks to again renew the loan with American National.

C. In furtherance of the foregoing, the Authority has obtained a commitment from American National to renew the 2017 Renewal Loan for a term of sixty (60) months in an amount necessary to cover the outstanding principal balance, bank charges associated with the renewal, and attorneys' fees and other costs and expenses, not to exceed in the aggregate a new principal amount of One Million Seven Hundred Fifty Thousand and 00/100 Dollars ($1,750,000.00)(the "**Loan**"), and, as part of that commitment, American National requires the Moral Obligation of the City to repay the Loan with American National in the event that the Authority fails to do so.

Agreement

NOW, THEREFORE, for and in consideration of the foregoing promises and the mutual benefit to be derived therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. In the event the Authority fails to repay the indebtedness created by the Loan provided by American National in accordance with the terms of repayment stated therein, the City hereby acknowledges that, to the extent permitted by law, it has a moral obligation to pay American National such amounts otherwise due from and payable by the Authority. In the event of nonpayment by the Authority, American National, by its duly authorized representative, shall submit an appropriation request to the City in the amount sufficient to make current payments on the Loan then due American National by the Authority and to protect and maintain the Authority's ownership interest in the Property (the "**Deficiency Amount**"). Subject to the

making of an appropriation pursuant to the provisions of this Paragraph 1, the City shall pay American National the amount of such appropriation as soon as practicable.

2. American National shall apply any funds so appropriated and paid to it by the City pursuant to this Agreement toward the Authority's obligations under the Loan provided by American National.

3. Continuing until such time as there is no longer a Deficiency Amount, the City Manager of the City (the "**City Manager**") shall include the Deficiency Amount due American National with respect to the Loan in his budget submitted to the City Council for the following fiscal year as an amount to be appropriated to or in respect of the Property Loan. The City Manager shall deliver to American National, within fifteen (15) days after the adoption of the City's budget for each fiscal year in which a Deficiency Amount was requested as provided herein, but not later than July 15 of each year, a letter, on letterhead of the City Manager's Office, stating whether the City Council has appropriated for payment to American National an amount equal to the Deficiency Amount.

4. If at any time American National believes there is a Deficiency Amount or that amounts appropriated by City Council are insufficient to fulfill the Authority's Loan obligations, American National shall notify the City Manager of the Deficiency Amount or such insufficiency and the City Manager shall request a supplemental appropriation from City Council in the amount necessary to make such payment.

5. The City Manager shall present each request for appropriation pursuant to paragraph 4 above to City Council and City Council shall consider such request at City Council's next regularly scheduled meeting at which it is possible to satisfy any applicable notification and all other legal requirements. Not later than five (5) business days after such meeting, the City Manager shall notify American National as to whether the amount so requested was appropriated. If City Council shall fail to make any such appropriation, the City Manager shall add the amount of such requested appropriation to the amount to be requested in the next fiscal year.

6. City Council hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to paragraphs 3, 4 and 5 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The City Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations.

7. Nothing herein contained is or shall be deemed to be a lending of the credit of the City to American National, the Authority, the Property or to any other person or entity (unless specifically set forth otherwise), and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the City, nor shall anything herein contained legally bind or obligate the City Council to appropriate funds for the purposes described herein.

8. Any notices or requests required to be given hereunder shall be deemed given if hand-delivered or sent by registered or certified mail, postage prepaid, addressed as follows:

If to the City:	City of Danville, Virginia Municipal Building, Patton Street P. O. Box 3300 Danville, VA 24543 Attention: City Manager
With a copy to:	The City Attorney's Office Municipal Building, Patton Street P.O. Box 3300 Danville, VA 24543
If to American National:	American National Bank and Trust Company 628 Main Street P. O. Box 191 Danville, VA 24543 Attention: President

9. If any clause, provision, or paragraph of this Agreement shall be held illegal or invalid by a court, the illegality or invalidity of such clause, provision, or paragraph shall not affect any of the remaining clauses, provisions, or paragraphs hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or paragraph had not been contained herein. In the event that any question should arise as to whether any provision contained herein shall be in violation of law, then such provision shall be construed as the agreement of the parties hereto to the full extent permitted by law.

10. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

11. The parties agree that this Moral Obligation Agreement shall supersede and replace that Moral Obligation Agreement between the parties dated January 17, 2017, made in connection with the 2017 Renewal Loan (the "**2017 Moral Obligation Agreement**"), and upon the approval and execution of this Agreement, the 2017 Moral Obligation Agreement shall terminate and be of no further force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the City of Danville, Virginia has caused its name to be subscribed hereunto by its City Manager, as authorized and directed by the City Council, City of Danville, and its seal to be hereto affixed and attested by the City Clerk, and American National has caused its name to be subscribed hereunto by Ted R. Laws, its duly authorized representative, to this **MORAL OBLIGATION AGREEMENT OF THE CITY OF DANVILLE**, all as of the date first above written.

CITY COUNCIL, CITY OF DANVILLE

By:______________________________________
Name: Ken Larking
Title: City Manager

(SEAL)

Attest:

____
City Clerk

AMERICAN NATIONAL BANK AND TRUST COMPANY

By:______________________________________
Name: Ted R. Laws
Title: Vice President

Council Letter
City of Danville, Virginia

CL-2727 **New Business D.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Consideration of a Name Change for Stonewall Recreation Center

From: Ken F. Larking, City Manager

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

The Mayor's Subcommittee on Monuments recommends changing the name of the Stonewall Recreation Center to the Camp Grove Recrational Center.

BACKGROUND

On September 23, 2020, the Mayor's Subcommittee on Monuments, consisting of Vice Mayor Gary Miller, and Council Members Barry Mayo and Samuel A. Kushner met and discussed various monuments in the City, including the renaming of the Stonewall Recreation Center.

RECOMMENDATION

The Mayor's Subcommittee on Monuments recommends renaming Stonewall Recreation Center to Camp Grove Recreational Center to reflect the Center's location in the Camp Grove Community.

Attachments

Resolution

PRESENTED: ____________________

ADOPTED: ______________________

RESOLUTION NO. 2022 -____.____

A RESOLUTION RENAMING THE STONEWALL RECREATION CENTER TO THE "CAMP GROVE RECREATIONAL CENTER."

WHEREAS, the Mayor created the Subcommittee on Monuments and appointed three members of Council to the Subcommittee; and

WHEREAS, the Subcommittee met on September 23, 2020 and discussed various monuments throughout the City; and

WHEREAS, the Subcommittee recommended renaming the Stonewall Recreation Center to the "Camp Grove Recreational Center".

NOW THEREFORE, BE IT RESOLVED, by the Council of the City of Danville, Virginia that the building located at 119 Bradley Road, Danville, Virginia, currently known as the Stonewall Recreation Center, be, and it hereby is, renamed "The Camp Grove Recreational Center"; and

BE IT FURTHER RESOLVED, that the City Manager, Ken Larking, be, and hereby is, directed to take such action necessary to effect the renaming of the building located at 119 Bradley Road, currently known as the Stonewall Recreation Center to "The Camp Grove Recreational Center."

APPROVED:

____
Mayor

ATTEST:

____
City Clerk

APPROVED AS TO
FORM AND LEGAL SUFFICIENCY:

____
City Attorney

Council Letter
City of Danville, Virginia

CL-2722 **New Business E.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Technical Rescue Grant

From: David Coffey, Fire Chief

COUNCIL ACTION

First Reading: 03/15/2022
Final Adoption: 04/05/2022

SUMMARY

The City has received notification from the Virginia Department of Health that the Danville Fire Department has been approved to receive funding from the 2021 Rescue Squad Assistance Fund in the amount of $15,558.08 for the purchase of equipment and a trailer for technical rescue incidents, swift water rescue, confined space, and structural collapse, with local funding of $7,779.04.

BACKGROUND

Funds from the Virginia Department of Health are given to the Rescue Squad Assistance Fund to assist in helping localities throughout the Commonwealth upgrade their technical rescue equipment for the safety of the public. The grant must be used within twelve months of receipt of funds.

RECOMMENDATION

It is recommended that City Council approve the attached Ordinance Amending the Fiscal Year 2022 Budget by increasing the revenue to anticipate the receipt of the grant funds from the Virginia Department of Health.

Attachments

Ordinance

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2022-____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR A GRANT FROM THE VIRGINIA DEPARTMENT OF HEALTH IN AN AMOUNT OF $7,780 AND A LOCAL SHARE IN THE AMOUNT OF $7,780 FOR EMS EQUIPMENT AND TRAILER THE SWIFT WATER TEAM FOR A TOTAL APPROPRIATION IN THE AMOUNT OF $15,560, AND APPROPRIATING SAME.

WHEREAS, the City has been notified by the Virginia Department of Health that the Swift Water Team has been awarded a grant; and

WHEREAS, the grant funds are to be used to purchase EMS equipment and a trailer for the Swift Water Team in order to meet states requirements for the team to be considered operational.

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia that the Fiscal Year 2022 Budget Appropriation Ordinance be, and hereby is, amended by increasing revenues from the Virginia Department of Health for EMS equipment and a trailer and such revenue and appropriation to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
FY 22 Rescue Squad Assistance Grant		
State Funding	61748000-47144	$ 7,780
Transfer In From General Fund	61748000-6101	7780
Total		$ 15,560

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
FY 22 RSAF—Swift Water Grant	61748999-50	$ 15,560

AND BE IT FURTHER ORDAINED that this appropriation shall be a continuing appropriation and shall carry forward from year to year until expended for the purpose for which appropriated; and

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2022 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:

____
City Clerk

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Council Letter
City of Danville, Virginia

CL-2723 **New Business F.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Fiscal Year 2022 Budget Appropriation Ordinance for Public Safety Modernization

From: Henrietta Weaver, Accountant

COUNCIL ACTION

First Reading: 03/15/2022
Final Adoption: 04/05/2022

SUMMARY

Revenues from meal, lodging and real estate taxes are anticipated to exceed previously budgeted amounts. The additional revenues will be used to implement a Public Safety modernization technology solution. This will replace an existing system that is no longer supported by the vendor.

BACKGROUND

The City's Fiscal Year 2022 Budget Appropriation Ordinance includes an estimate of tax revenues from meals, lodging and real estate, using the best available information. Due to the effect of market forces, actual receipts are expected to exceed previously estimated amounts. The technology solution is a software system that supports all public safety activities. The current system is out of date and in need of replacement.

RECOMMENDATION

It is recommended that the City Council adopt the attached ordinance amending the Fiscal Year 2022 Budget Appropriation Ordinance.

Attachments

Ordinance

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2022 -____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2022 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUES FROM VARIOUS TAXES TO PURCHASE PUBLIC SAFETY MODERNIZATION SOFTWARE AND HARDWARE AN APPROPRIATION IN THE AMOUNT OF $1,500,000 AND APPROPRIATING THE SAME.

WHEREAS, the City anticipates the receipt of an additional $1,500,000 in meals, lodging and real estate taxes to be used to purchase Public Safety modernization software and hardware; and

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia, that the Fiscal Year 2022 Budget Appropriation Ordinance be, and the same hereby is, amended, by increasing revenues in the General Fund and appropriating same to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Prepared Meals Tax	0100000-40550	$1,000,000
Hotel & Motel Room Taxes	0100000-40810	300,000
Current Real Estate Taxes	0100000-40110	200,000
Total		$1,500,000

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Transfer Out – Support of Capital Projects	0199501-6025	$1,500,000

AND BE IT FURTHER ORDAINED, by the Council of the City of Danville, Virginia, that the Fiscal Year 2022 Budget Appropriation Ordinance be, and the same hereby is, amended, by providing for the upgrade to the Public Safety System in the Capital Projects Fund and appropriating same to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Transfer In From General Fund	61750000-6101	$1,500,000

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Public Safety Modernization	61750999-50	$1,500,000

AND BE IT FINALLY ORDAINED, that all other accounts and provisions of the Fiscal Year 2022 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:

____
City Clerk

APPROVED AS TO
FORM AND LEGAL SUFFICIENCY:

____
City Attorney

Council Letter
City of Danville, Virginia

CL-2739 **New Business G.**

City Council Regular Meeting

Meeting Date: 03/15/2022

Subject: Presentation of the City Manager's Proposed Budget for Fiscal Year 2023

From: Ken F. Larking, City Manager

COUNCIL ACTION

Business Meeting: 03/15/2022

SUMMARY

Each year, the City Manager presents a recommended budget for the following fiscal years. The total proposed budget for Fiscal Year 2023 is $285,676,640 for operations, capital, and debt service, which includes all funds minus inter-fund transfers. This is $5,396,780 increase over the current budget of $280,279,860 – a 1.93% increase.

The proposed budget maintains current municipal services through FY 2023 and includes funds to address the City Council priority areas of education, economic development, and public safety. The budget provides the resources necessary to address these and other priority areas that will enable Danville to be more competitive in attracting people, visitors and businesses to our City.

This year’s proposed General Fund Budget is $122,537,580, which is $7,821,160 more than the current budget of $114,716,420. There are no tax or rate increases recommended. This year's budget includes a recommendation from the Airport Commission to adjust hangar rental rates and the tax on aircraft to be more in line with nearby jurisdictions.

The Danville Utility Commission’s recommendations regarding Water, Wastewater, Electric, Gas, and Telecommunications Funds are also included. The total Utility Department budget, which includes electric, gas, water, sewer and broadband, is $164,084,310. This is $3,519,490 less than the current budget of $167,603,800.

Traditionally the City Council works with the City Manager and staff to present an Introductory Budget to the public by April 30 with a Public Hearing to be held in May and final adoption of the budget by June 30. These dates will be set as City Council reviews the City Manager's Proposed Budget.

BACKGROUND

Chapter 8, Section 8-6 of the City Charter requires the City Manager to present a proposed budget by April 1st of each year. The Charter directs the Manager and Council to then work together in modifying the proposed budget into a version presented to the public no later than April 30. Public comment on the edition of the budget released next month will be actively encouraged through May and June before a final budget is adopted, and funds are appropriated by June 30

RECOMMENDATION

This is a presentation for discussion purposes.

Attachments

No file(s) attached.