DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

March 19, 2024

7:00 PM

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, who have signed up to speak at www.danvilleva.gov/council or by contacting the Office of the City Clerk, 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, and shall have three uninterrupted minutes. A representative of a group may have up to five uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

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

may respond with a rebuttal. There shall be a five (5) minute time limit for rebuttal.

MEETING CALLED TO ORDER

ROLL CALL

INVOCATION - L.G. "LARRY" CAMPBELL, JR.

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

A. Presentation of the City Manager's Proposed Fiscal Year 2025 Budget
Presented by: Ken Larking, City Manager

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.

PUBLIC HEARING

A. Consideration of Approval of Minutes from Regular Council Meeting held on February 20, 2024.
Council Letter Number CL - 1224.

Consideration of Approval of Minutes from Regular Council Meeting held on February 20, 2024.

B. Consideration of Amending the Fiscal Year 2024 Budget Appropriation for Virginia Department of Transportation Project Appropriations.
Council Letter Number CL - 1166.

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance for Capital Improvement Projects to be Undertaken within the City of Danville and to be Financed by Anticipating Revenues from Virginia Department of Transportation in the Amount of $11,111,966.
Final Adoption

C. Consideration of Amending the Fiscal Year 2024 Budget Appropriation Ordinance for a Site Prep Engineering Services Grant.
Council Letter Number CL - 1200.

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance by Appropriating Additional State Aviation Funds for the Purpose of Completing Site Prep Engineering Services to Develop an Aviation Training Facility Building and Hangar in the Amount of $95,643 and Providing Local Matching Funds in the Amount of $31,539 for a Total Amount of $127,182 and Appropriating Same.
Final Adoption

OLD BUSINESS

A. Consideration of Authorizing the Issuance of Bonds of the City of Danville, Virginia.
Council Letter Number CL - 1160.

An Ordinance Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of $16,000,000 to Finance the Acquisition, Construction and

Equipping of Various Capital Projects.
Final Adoption

NEW BUSINESS

A. Review of General Fund Financials as of February 29, 2024.
Council Letter Number CL - 1144.

Review of General Fund Financials as of February 29, 2024. Financial Statements are included.

B. Consideration of Approving a Resolution to Issue Utility Revenue Bonds.
Council Letter Number CL - 1187.

A Resolution Providing for the Issuance and Sale by the City of Danville, Virginia, of a Taxable Utility System Revenue Bond, Series 2024, in a Principal Amount not to Exceed $13,520,000, Heretofore Authorized, and Providing for the Form, Details and Payment of Such Bond.

C. Consideration of Authorizing and Approving an Ordinance Allowing the City of Danville to Participate in the Virginia Municipal Investment Trust.
Council Letter Number CL - 1211.

An Ordinance to Authorize the City of Danville, Virginia to Establish a Trust for the Purpose of Investing in Accordance with Section 2.2-4501 *et seq.* and 15.2-1300 of the Virginia Code.

D. Consideration of Amending the Fiscal Year 2024 Budget Appropriation Ordinance for the Fiscal Year 2024 Comprehensive Services Act Appropriation.
Council Letter Number CL - 1212.

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance by Appropriating Comprehensive Services Act Funds and Providing Local Matching Funds for a Total Amount of $5,309,442 and Appropriating Same.
First Reading

E. Consideration of Amending the Fiscal Year 2024 Budget Appropriation for Community Development Block Grant and HOME Grant Programs.
Council Letter Number CL - 1204.

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance for Projects to Improve the Danville Community Financed with Community Development Block Grant, Home Investment Partnership Funds from the U.S. Department of Housing and Urban Development, and Estimated Program Income.
First Reading

COMMUNICATIONS FROM VISITORS

Communication from Visitors is an opportunity for citizens, who have signed up to speak, 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 three uninterrupted minutes. A representative of a group may have up to five 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.

COMMUNICATIONS

A. City Manager

B. Deputy City Manager

C. City Attorney

D. City Clerk

E. Roll Call

ADJOURNMENT

Council Letter
City of Danville, Virginia

CL - 1224 **CONSENT AGENDA A.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Approval of Minutes from Regular Council Meeting held on February 20, 2024.

From: Susan DeMasi, City Clerk

COUNCIL ACTION

Consideration of Approval of Minutes from Regular Council Meeting held on February 20, 2024.

Attachments

1. Meeting Minutes

February 20, 2024

The Second February meeting of the Danville City Council was held on February 20, 2024, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: L.G. “Larry” Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, Barry Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (8). James B. Buckner was absent (1).

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

Mayor Jones presided.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Sherman M. Saunders gave the Invocation followed by the Pledge of Allegiance.

MEETING MINUTES

Upon **Motion** by Council Member Campbell and **second** by Council Member Whittle Minutes from the Regular Council Meeting held on January 16, 2024, were approved as presented. Draft copies of the minutes had been distributed prior to the meeting.

APPOINTMENTS

Vice Mayor Miller **moved** for adoption of the following Appointment Resolutions:

Resolution No. 2024-02.02 - A Resolution Reappointing Andre Bethea to the Southern Area Agency on Aging.

Resolution No. 2024-02.03 - A Resolution Appointing Mandy Crowder to the Southern Area Agency on Aging.

Resolution No. 2024-02.04 - A Resolution Appointing Hampton Wilkins to the Airport Commission to Fill an Unexpired Term.

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

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

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIALS AS OF JANUARY 31, 2024.

Chief Financial Officer Micheal Adkins began review of the General Fund Financials as of January 31, 2024, which marks the seventh month of the fiscal year complete or 58%. Revenues were meeting budget expectations, and with regard to Real Estate and Personal Property, they were at 52% at 50% of the budget respectively. There will not be a lot of activity on those two line items until the next invoicing and collection period during the month of May. Delinquent Real Estate collections were performing well; the budget was $900,000 and at the end of January they had collected $675,000 or 75%. Mr. Adkins explained when the current budget was put together, they had an idea of what interest rates would be, but they were higher than anticipated. The Interest Income at the end of January was $2.3M, which was on target with the revised budget, that line item was increased a few weeks ago, it was $1.4M more than the prior year. If things maintain the way they were, Mr. Adkins believed they will still surpass the current budget at the end of this year. Local taxes, their consumer-based taxes were the big driver as far as variances go. Sales tax collections at the end of January amounted to $7.4M or 62% of budget, about 4% ahead, and an increase of $850,000 from last year. February was when the City received sales tax related to December 2023 retail activity, there was a two-month lag. The City received a payment from the state last week for sales tax, in the amount of $1.35M; the highest received in one month especially for holiday sales, about 22% higher than last year. For meals tax, the City received $7M, about 62% of budget, also running a little ahead, up $715,000 over last year. Lodging taxes, although a smaller dollar amount showed significant growth; they were at $1.9M at the end of January, 77% of budget, up about $362,000 from last year, with a 22% growth over last year. One of the new revenue streams was the casino-based revenue. So far this year, the City has earned a total of $11.2M, with $3.3M as direct payments from the casino and $7.9M was pass through from the State. The budget for this year was $13M and he believed they will surpass budget on that line item. Mr. Adkins stated state and federal revenues were coming in on target.

With regard to Expenditures, Departmental Spending through the end of January was at 55% of budget, running 2-3% below budget; that was usually what was seen each year. Most of the budgeted transfers to Schools, to Capital Project funds, have not occurred yet; those were usually booked around the middle year, but will be booked in the current month, in February.

Council Member Campbell questioned the $850,000 increase from last year at this time, that did not include casino monies, and Mr. Adkins stated the increase in sales tax did not include monies from the casino. Rev. Campbell questioned the status of the reserves, and Mr. Adkins stated he believed they will be able to add something to them. Council Member Vogler asked if the City was on track to have another budget surplus by the end of this year, and Mr. Adkins noted he believed they will, but was not sure how much. Mr. Vogler asked Mr. Adkins to review the items where the City was 22% over budget, and Mr. Adkins stated that sales tax and lodging were currently the two that were 22% ahead of where they were last year, and about 4% ahead of budget.

Council Member Whittle asked how much was spent bonding Utilities and why they still do that, and Mr. Adkins stated he would compile that information and get it back to him. A lot of the electrical projects were very expensive and to pay for those in cash would take a lot out of the fund balance and utility funds, so those were usually bonded and paid with a debt payment over twenty years. Mr. Whittle questioned the casino revenues and Mr. Adkins explained the direct payments come once a month, the taxes that were funneled through the state come once per quarter. Council Member Vogler noted the State was talking about taxing digital goods such as buying a digital copy of a movie or music, would the locality receive a portion of that, and Mr. Adkins noted he would assume so; if they were labeling it a sales tax, then the City would.

<u>CONSIDERATION OF AUTHORIZING AND APPROVING A GRANT APPLICATION TO ASSIST IN THE REMOVAL OF THE WHITE MILL/LONG MILL DAM</u>

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

RESOLUTION NO. 2024-02.05

A RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION BY THE CITY OF DANVILLE TO THE VIRGINIA DAM SAFETY, FLOOD PREVENTION AND PROTECTION ASSISTANCE FUND FOR THE REMOVAL OF THE WHITE MILL/LONG MILL DAM.

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

Mayor Jones recognized a citizen (no name given) who spoke in favor of the dam being removed due to the deaths that have occurred and the danger it poses.

Mayor Jones recognized Mel Vernon, Villa Park, California, who spoke to the Council noting the dam was a danger issue.

Vice Mayor Miller spoke about the importance of removing the dam so that future projects can come through. The river was not used as much as it could be and that will change with the new park coming. Council Member Vogler spoke about his concern for the depth of the river once the dam was removed; he will not be voting in favor of this item. Council Member Whittle stated that he was not in favor of the funding and will not be voting in favor.

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

VOTE:	6-2-1
AYE:	Campbell, Hood, Jones, Mayo, Miller, and Saunders (6)
NAY:	Vogler, Whittle (2)
ABSENT:	Buckner (1)

<u>CONSIDERATION OF AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUES FROM CASINO GAMING TAXES TO FUND CAPITAL PROJECTS</u>

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

ORDINANCE NO. 2024-02.05

AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUES FROM THE CASINO GAMING TAXES TO FUND CAPITAL PROJECTS IN THE AMOUNT OF $2,000,000 AND APPROPRIATING THE SAME.

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

<u>COMMUNICATIONS FROM VISITORS</u>

Mayor Jones recognized Steve Barrow, who introduced Lonnie Jones, and members of the Board of Directors of the Historical Society, who addressed Council about the work that has been done at the Historical Society. Mr. Jones noted that he will give Council monthly updates.

COMMUNICATIONS

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

Council Member Mayo acknowledged two members of his church that were in attendance and commended the leaders and individuals that have done so much in the City. Mr. Mayo discussed the black history bus wrap and community members that were honored.

Vice Mayor Miller stated the black history bus wrap event was a great event, and discussed the citizens who had been honored. Dr. Miller commented on the short-term rentals that were approved by the Board of Zoning Appeals; there were not enough hotel rooms in the City and these will help fill that need.

Council Member Saunders thanked Mayor Jones, council members, city staff, and citizens doing great things to continue to move Danville forward, and hoped they continued the progress they were making. Mr. Saunders asked if the City does have additional revenues become available, it would be great to see the statistics in terms of the poverty rate, unemployment rate, handicapped and disabled individuals, and so forth, if they could find ways to help those people, that would help the City as well.

Council Member Vogler noted it was great to see the superintendent's budget request; in the past, Council would only receive a single piece of paper with the school's budget. It was good to see in detail where the money was going so they could effectively vote yes or no. The Edmonds gala was a success with a huge crowd; the Edmonds family continues to be a blessing to the community with what they have come back and done for Danville. Mr. Vogler reminded everyone that youth t-ball sign ups were available; 434-799-5214 was the number for Parks and Recreation, and thanks to everyone who came out tonight and to those watching at home as well. Danville has come a long way from five or ten years ago to where they were today. That was a credit to this council working together to find solutions that were best for Danville. With all the prosperity coming to Danville during this budget season they need to find ways to give back to the citizens.

Council Member Whittle mentioned a previous comment from Telly Tucker who had stated, "we stand on the shoulders of giants" and that was the reason they were where they were; this was a cohesive council that works through issues. Not everything was always agreed on but that's okay, they work through it. Mr. Whittle questioned the City Manager about the land bank, the committee that was supposed to be set up, and Mr. Larking noted he believed that three members of Council were on that committee, per the minutes. Mayor Jones asked that a committee be established, with Mr. Buckner and Mr. Whittle, so that information can come back to Council.

Council Member Campbell stated how impressed he was with Mr. Adelman and the Transportation Committee who put together the bus wrap with leaders of the community who have served over the years. Whenever you can honor people of the past, you were able to move forward. Rev. Campbell noted he was glad to hear the comments about those who were in need, what can the City do; prosperity should be shared in all areas. The Climate Change taskforce meetings have been fascinating and hopefully those strategies will be shared with the council.

Council Member Hood commended the integrity of the city and the citizens, especially when it comes to assisting and volunteering; volunteering was important and takes a major place in all cities. Danville comes together when there was a need, that has been shone over the years. Mr. Hood noted the warming center was more than just putting people in a warm place and giving them a meal at night; it was also helping to put them in homes. There was a grandmother with two children who came in last week, and this week they are in their own home thanks to people working and putting their resources together; that speaks volumes about the integrity of the community.

Mayor Jones reminded citizens about how the White Mill that was there for so long how it used to be, overgrown and blighted, and where it was today, and where Dan River Mills once stood, and compared to today. Also, the playgrounds, new homes, businesses, and hotels; there are so many wonderful things going on in the community. Mayor Jones thanked the Historical Society for being here tonight and for what they do in the community, and thanked those who come to Council, they appreciate them and thank them for being here. Mayor Jones thanked all those who engage in the community, and stated at times people get discouraged but to keep the course; the work was not yet done.

The meeting was adjourned at 7:51 pm.

APPROVED:

____

MAYOR

ATTEST:

____

CITY CLERK

Council Letter
City of Danville, Virginia

CL - 1166 **CONSENT AGENDA B.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Amending the Fiscal Year 2024 Budget Appropriation for Virginia Department of Transportation Project Appropriations.

From: Brian Dunevant, Assistant Director of Public Works | City Engineer

---

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance for Capital Improvement Projects to be Undertaken within the City of Danville and to be Financed by Anticipating Revenues from Virginia Department of Transportation in the Amount of $11,111,966.

Final Adoption

SUMMARY

The Commonwealth Transportation Board has approved, and the Virginia Department of Transportation (VDOT) has allocated, program funds for several projects in the City of Danville totaling $11,111,966. These allocations need to be appropriated into the Capital Projects Fund account.

BACKGROUND

VDOT's Revenue Sharing Program provides localities with a funding source for transportation improvement projects. The Revenue Sharing projects that were allocated funds are as follows:

- UPC 117092 – Memorial Drive Improvements - Pedestrian and roadway improvements on Memorial Drive from Main Street to Union Street Bridge.
- UPC 117101 – Riverside Drive Improvements - Remove concrete road base between Arnett Boulevard and Audubon Drive.
- UPC 117090 – South Main Street Improvements - Roadway and pedestrian improvements on South Main Street at Stokes Street.
- UPC 117091 – Riverside Drive Improvements - Pedestrian improvements at Riverside Drive and Piney Forest Road.

VDOT's State of Good Repair program for bridges has provided localities with a funding source to repair or replace bridges that have a rating of "poor" based on required inspections. The State of Good Repair project that was allocated funds is as follows:

- UPC 119215 – Martin Luther King Bridge Improvements - Correcting structural deficiencies on the MLK Bridge on northbound Main Street between Bridge Street and Riverside Drive to improve the bridge's rating.

VDOT's Transportation Alternative Program provides localities with a funding source for transportation projects that focus on pedestrian or bicycle facilities. The Transportation Alternative Program projects that were allocated funds are as follows:

- UPC 117942 – Kemper Road Sidewalk - Sidewalk construction from South Main Street to Edmonds Street.
- UPC 117938 – Audubon Drive Sidewalk - Sidewalk construction from Apollo Avenue to Woodview Drive.
- UPC 121047 – Piney Forest Road - Pedestrian improvements at the intersection of Piney Forest Road and Arnett Boulevard.
- UPC 121045 – Kemper Road Sidewalk - Sidewalk construction for Edmonds Street to Arlington Road.

VDOT's Smart Scale program is a data-driven prioritization process to fund transportation projects that generate the greatest benefit for taxpayers. The Smart Scale project that was allocated funds is as follows:

- UPC 115495 – South Boston Road Improvements - Construct a third lane on South Boston Road, westbound, from Kentuck Road to Airport Drive.

All projects are currently in the Preliminary Engineering phase and several are scheduled to be advertised for construction bids this calendar year.

RECOMMENDATION

It is recommended that City Council approve the Ordinance amending the Fiscal Year 2024 Budget Appropriation Ordinance, to appropriate Revenue Sharing Program funds, State of Good Repair Program funds, Transportation Alternative Program funds and Smart Scale Program funds as allocated from the Virginia Department of Transportation.

Attachments

1. Ordinance

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2024-___.___

AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE FOR CAPITAL IMPROVEMENT PROJECTS TO BE UNDERTAKEN WITHIN THE CITY OF DANVILLE AND TO BE FINANCED BY ANTICIPATING REVENUES FROM VIRGINIA DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF $11,111,966.

WHEREAS the City of Danville requested the Virginia Department of Transportation to allocate program funds from State of Good Repair Program, Revenue Sharing Program, Transportation Alternative Program, and Smart Scale Program for various road improvement and pedestrian improvement projects throughout the City of Danville; and

WHEREAS the City of Danville has received notification from the Virginia Department of Transportation that the Commonwealth Transportation Board has approved total allocations in the amount of $11,111,966; and

WHEREAS, the projects and allocations are listed in the Virginia Department of Transportation Six-Year Improvement Program; and

WHEREAS, these funds will be appropriated for use in Fiscal Year 2024.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the Fiscal Year 2024 Budget Appropriation Ordinance be, and is hereby amended by using anticipated revenues from the Virginia Department of Transportation in the amount of $11,111,966, and such funds to be appropriated as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
UPC 119215 – MLK Bridge NBL	61895000-47415	$ 4,265,350
UPC 117092 – Memorial Dr. Improvements	61727000-47465	723,000

Description	Account No.	Amount
UPC 115495 – South Boston Rd.	61921000-48445	3,453,896
UPC 117942 – Kemper Road	61922000-48455	349,600
UPC 117938 – Audubon Drive	61675000-48455	315,280
UPC 117101 – Riverside Drive	61729000-47465	650,522
UPC 117090 – South Main St.	61871000-47465	314,373
UPC 121047 – Piney Forest Rd.	61608000-48455	455,407
UPC 121045 – Kemper Rd.	61609000-48455	444,338
UPC 117091 – Riverside Dr.	61873000-47465	140,200
	TOTAL	$ 11,111,966

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
UPC 119215 – MLK Bridge NBL	61895999-50	$ 4,265,350
UPC 117092 – Memorial Dr. Improvements	61727999-50	723,000
UPC 115495 – South Boston Rd.	61921999-50	3,453,896
UPC 117942 – Kemper Road	61922999-50	349,600
UPC 117938 – Audubon Drive	61675999-50	315,280
UPC 117101 – Riverside Drive	61729999-50	650,522
UPC 117090 – South Main St.	61871999-50	314,373
UPC 121047 – Piney Forest Rd.	61608999-50	455,407
UPC 121045 – Kemper Rd.	61609999-50	444,338
UPC 117091 – Riverside Dr.	61873999-50	140,200
	TOTAL	$ 11,111,966

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

BE IT 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 2024 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 - 1200 **CONSENT AGENDA C.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Amending the Fiscal Year 2024 Budget Appropriation Ordinance for a Site Prep Engineering Services Grant.

From: Marc Adelman, Director of Transportation Services

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance by Appropriating Additional State Aviation Funds for the Purpose of Completing Site Prep Engineering Services to Develop an Aviation Training Facility Building and Hangar in the Amount of $95,643 and Providing Local Matching Funds in the Amount of $31,539 for a Total Amount of $127,182 and Appropriating Same.

Final Adoption

SUMMARY

The Virginia Department of Aviation recommended funding a grant application to complete site prep engineering services to support the development of an aviation training facility building and hangar at the Danville Regional Airport.

BACKGROUND

At the request of Averett University, the Danville Regional Airport modified its Airport Layout Plan in 2020 to identify an aviation training facility building that would be located on the north side of Airport Drive near the fire station. Approximately two years ago, the General Assembly approved state funding for Danville Community College to establish an aviation maintenance training program. Engineering services are needed to develop the planned site for a 13,200 square foot building that would support both the aviation maintenance training program and Averett University's flight instruction program. In addition, a 6,400 square foot hangar would be developed at the site and minor building modifications will be completed to an existing hangar to support aircraft storage requirements for both programs. The site for the training facility building and hangar must be graded, and drainage modifications must be completed.

To support site prep requirements for the project, a grant application for engineering services was submitted to the Virginia Department of Aviation. Last month, the state recommended funding the grant application. Current plans call for constructing the training facility building and hangar by the summer of 2025 after engineering and architectural services are completed this spring.

RECOMMENDATION

It is recommended that the City Council adopt the attached ordinance amending the Fiscal Year 2024 Budget Appropriation Ordinance.

Attachments

1. Ordinance
2. Attachment 1 - Site prep engineering services
3. Attachment 2 - Site prep engineering services

PRESENTED: ______________________

ADOPTED: ______________________

ORDINANCE NO. 2024___.___

AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE BY APPROPRIATING ADDITIONAL STATE AVIATION FUNDS FOR THE PURPOSE OF COMPLETING SITE PREP ENGINEERING SERVICES TO DEVELOP AN AVIATION TRAINING FACILITY BUILDING AND HANGAR IN THE AMOUNT OF $95,643 AND PROVIDING LOCAL MATCHING FUNDS IN THE AMOUNT OF $31,539 FOR A TOTAL AMOUNT OF $127,182 AND APPROPRIATING SAME.

WHEREAS, engineering design services are needed to complete site prep construction work to support the development of an aviation training facility building and hangar; and

WHEREAS, the site preparation engineering services project will be funded at eighty percent (80%) with state capital aid; and

WHEREAS, additional local funding of $7,628 is included to pay for preliminary engineering to meet the requirements of the Economic Development Administration grant application.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia that the Fiscal Year 2024 Budget Appropriation Ordinance be, and it is hereby, amended by increasing revenues for a grant from the Virginia Department of Aviation and appropriating the same as follows:

ANTICIPATED REVENUE

Description	Account No.	Amount
Hangar and Aviation Training Facility Site Prep State Aviation Funds	61915009-45712	$ 95,643
Local Share Transfer In from General Fund	61915009-6101	31,539
	TOTAL	$127,182

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Hangar and Aviation Training Facility Site Prep	61915999-50	$ 127,182

AND BE IT FURTHER ORDAINED that a transfer from Capital Projects Undesignated Capital Improvement Funds and appropriation is hereby authorized to cover the local share as follows:

TRANSFER FROM

Description	Account No.	Amount
Undesignated Capital Improvement Funds Transfer In from General Fund	60000000-6101	($ 31,539)
Unallocated Funds	60000000-6999	($ 31,539)

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 2024 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:

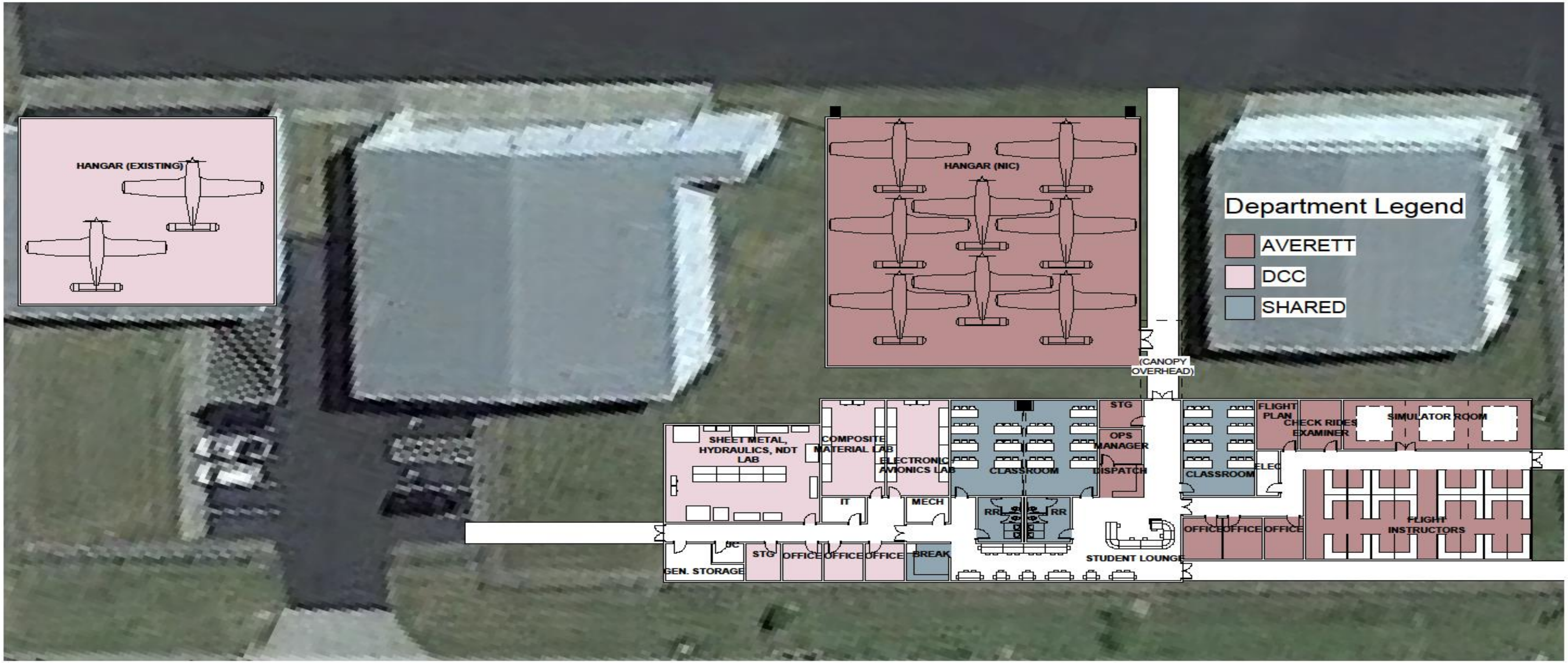
____
City Clerk

Approved as to
Form and Legal Sufficiency:

____
City Attorney

Aviation Training Facility Project

Aviation Training Facility Project – Plan View



Council Letter
City of Danville, Virginia

CL - 1160 **OLD BUSINESS A.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Authorizing the Issuance of Bonds of the City of Danville, Virginia.

From: Michael Adkins, Chief Financial Officer

COUNCIL ACTION

An Ordinance Authorizing the Issuance of Bonds of the City of Danville, Virginia, in the Maximum Aggregate Principal Amount of $16,000,000 to Finance the Acquisition, Construction and Equipping of Various Capital Projects.

Final Adoption

SUMMARY

The City's Charter grants the ability to issue bonds, within a specified annual limit, without a referendum. Each year's bond capacity may carry forward to the next fiscal year, if the authorization is granted by Council prior to June 30. Approving the attached Ordinance does not allow the City to issue debt, it only reserves the capacity to issue debt based on the Fiscal Year 2024 legal limits for issuing debt without a referendum. This capacity is only available from now until the end of the subsequent fiscal year (June 30, 2025). Council would need to approve a Resolution for the issuance or refunding of debt before the City can actually issue debt. A separate Resolution will be presented at a future meeting for approval in order to issue new bonds to finance the FY 2024 Capital Improvement Plan in accordance with Council's adopted budget for Fiscal Year 2024.

BACKGROUND

The City's Charter grants the ability to issue up to $6,000,000 principal amount of bonds to finance any capital expenditures other than expenditures relating to the City's water, sewer, gas, and/or electric systems. Further, the Charter grants authority to issue up to $10,000,000 principal amount of bonds to finance capital expenditures related to the City's water, sewer, gas, and electrical systems, or other specific undertakings from which a revenue may be derived. The Charter also allows an additional $25,000,000 in principal amount of bonds to be issued to finance capital expenditure relating to the City's water treatment, wastewater treatment, storm water treatment, solid waste disposal, or recycling facilities, and any extraordinary maintenance improvements or expansion of transmission and distribution infrastructure for the electric or gas systems. Each of the amounts may be authorized annually without referendum and may carry forward one fiscal year, if authorized prior to June 30.

The Fiscal Year 2024 budget for capital projects includes potential bond financing of approximately $11 million of general governmental projects and $12.5 million of utility projects. The passing of this Ordinance will allow access to the borrowing capacity needed to finance these approved projects, but does not actually authorize the issuance of the bonds. A separate Resolution to authorize bonds will need to be approved in order to issue the debt.

RECOMMENDATION

It is recommended City Council approve the attached Ordinance authorizing utilization of the City's Fiscal Year 2024 borrowing capacity to issue General Obligation bonds of the City of Danville, Virginia, that will potentially utilize up to $6,000,000 of the FY 2024 capacity, pursuant to Section 9-7A of the City Charter, as well as utilize up to $10,000,000 of the FY 2024 capacity, pursuant to Section 9-7D of the City Charter.

Attachments

1. Ordinance

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2024 -____.____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF BONDS OF THE CITY OF DANVILLE, VIRGINIA, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF $16,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF VARIOUS CAPITAL PROJECTS.

WHEREAS, Section 9-7A of the City Charter allows the City of Danville, Virginia (the "City"), to issue each fiscal year up to $6,000,000 principal amount of bonds to finance any capital expenditures other than for capital expenditures relating to the City's water, sewer, gas and/or electric systems, without submitting the question of their issuance to the voters; and

WHEREAS, the Council of the City (the "Council") has not authorized or issued any bonds pursuant to Section 9-7A for the fiscal year that began July 1, 2023, and the Council now desires to authorize the issuance of up to $6,000,000 principal amount of bonds in accordance with such Charter provision; and

WHEREAS, Section 9-7D of the City Charter allows the City to issue each fiscal year up to $10,000,000 principal amount of bonds to finance capital expenditures relating to the City's water, sewer, gas and electric systems or other specific undertaking or undertakings from which the City may derive a revenue, without submitting the question of their issuance to the voters; and

WHEREAS, the Council has not authorized or issued any bonds pursuant to Section 9-7D for the fiscal year that began July 1, 2023, and the Council now desires to authorize the issuance of up to $10,000,000 principal amount of bonds in accordance with such Charter provision.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that:

1. It is determined to be necessary and expedient for the City to plan, design, acquire, construct, extend, renovate and/or improve the Projects described below, all of which are determined to promote the development and public welfare of the City, to borrow money for such purposes and to issue the City's bonds therefor.

2. Pursuant to Section 9-7A of the City Charter, there are authorized to be issued general obligation bonds in the maximum principal amount of $6,000,000 to finance and pay, together with other available funds, the costs to plan, design, acquire, construct, extend, renovate and/or improve: (a) parks and recreational facility improvements, (b) fire and police equipment, (c) information technology software and equipment, (d) public building improvements (including, without limitation, roof, elevator and HVAC improvements), (e) acquisition and installation of emergency generators, (f) sidewalk, street and parking lot improvements, (g) capital improvements for the municipal airport, (h) stormwater system upgrades, and (i) any other capital expenditures (other than for capital expenditures relating to the City's water, sewer, gas and/or electric systems) (collectively, the "9-7A Project"). Proceeds of the bonds may be applied to pay, in addition to 9-7A Project costs, related financing and issuance costs. Such bonds may be issued as one or more separate issues or may be combined with bonds authorized for other purposes and issued as a single issue.

3. Pursuant to Section 9-7D of the City Charter, there are authorized to be issued general obligation and/or revenue bonds in the maximum principal amount of $10,000,000 to finance and pay, together with other available funds, the costs to plan, design, acquire, construct, extend, renovate and/or improve: (a) distribution and treatment infrastructure improvements for the water system, (b) substations and distribution infrastructure improvements for the electric system, and (c) any other capital expenditures relating to the City's water, sewer, gas and/or electric systems or other specific undertaking or undertakings from which the City may derive a revenue (collectively, the "9-7D Project" and, together with the 9-7A Project, the "Projects"). Proceeds of the bonds may be applied to pay, in addition to 9-7D Project costs, related financing and issuance costs. Such bonds may be issued as one or more separate issues or may be combined with bonds authorized for other purposes and issued as a single issue.

4. The bonds shall conform to Section 9-5 of the City Charter and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations and form, be executed in such manner, and be sold at such time or times and in such manner as the Council shall hereafter provide by appropriate resolution or resolutions. All bonds issued to finance capital expenditures shall be made payable within the average probable period of usefulness of the improvements or undertakings to be financed. The Council shall make such determinations pursuant to such resolution or resolutions.

5. As determined by Council pursuant to subsequent resolution, the bonds shall be issued as general obligations of the City to which the City's full faith and credit of the City shall be irrevocably pledged, or, in the alternative for purposes of financing the 9-7D Project, the bonds may be issued as revenue obligations to which the revenues derived from any such specified undertakings shall be irrevocably pledged.

6. The City Clerk, in collaboration with the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this Ordinance in the Circuit Court of the City of Danville.

7. This Ordinance shall take effect immediately.

Approved:

____
Mayor

Attest:

____
City Clerk

Approved As To
Form and Legal Sufficiency

____
City Attorney

Council Letter
City of Danville, Virginia

CL - 1144 **NEW BUSINESS A.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Review of General Fund Financials as of February 29, 2024.

From: Michael Adkins, Chief Financial Officer

COUNCIL ACTION

Review of General Fund Financials as of February 29, 2024. Financial Statements are included.

Attachments

1. Financial Statements

CITY OF DANVILLE
Department of Finance

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

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

Date: **March 7, 2024**

Subject: Summary of Preliminary General Fund Financial Results for February 29, 2024

After completing the first eight months of fiscal year 2024, revenues are ahead of the previous year. As of February 29, General Fund revenues were $90,159,566. This represents 64% of our FY 2024 budget. This is an increase of $16.3 million over February 28, 2023. Apart from small decreases in fines, charges for services, and federal categorical aid, all major revenue categories are ahead of the prior year. The increase over last year is primarily from growth in property and local taxes, along with the increase for the gaming tax revenue.

General Property Tax collections continue to perform well with 53% of the budgeted property tax realized at the end of February. More specifically, real estate tax collections through the end of February amounted to $10,264,953 or 54% of the budgeted real estate tax revenue. We continue to see steady performance in the collection of delinquent real estate taxes this year with $727,429 realized in the first eight months. This accounts for 81% of the current year budget. Personal property tax collections are tracking as expected with 50% realized as of February 29.

Regarding local taxes, sales tax collections through February amounted to $8,754,902 or 74% of budget, an increase of $1,029,148 from last year. Meals taxes collected for the first eight months of the fiscal year amounted to $8,074,122 or 71% of budget, an increase of $815,659 from last year. Business Licenses realized through the end of February were $4,409,600, an increase of $448,131 from the prior year. Lodging taxes received as of February 29, were $2,094,133 or 85% of budget, an increase of $395,325 from the prior year. The Ceasars Min Fee received as of February 29, was $3,287,618 or 66% of budget. Apart from small decreases in vehicle license fees, recordation tax, and DMV fees, all other local tax revenue categories are tracking well with budget and are exceeding the prior year at this point.

P.O. Box 3300 | Danville, Virginia 24543 | 434.799.5241 | DanvilleVA.gov

Expenditures through February 29 were $87,011,888 or 56% of budget. This is an overall decrease of nearly $2 million when compared to February 28, 2023. This decrease can be primarily attributed to a decrease in transfers to schools of $11.3 million offset by an increase in departmental expenditures of $2.9 million along with an increase in transfers to capital projects and other funds of $6.1 million. As mentioned in previous months, Danville Public Schools increased funding for several grant related projects in which the City funded as the schools awaited reimbursements. We received a portion of the reimbursement in January amounting to $15 million thus reflecting a decrease in expenditures over the prior year. The increase in departmental spending is attributed to an increase in salaries in benefits, along with timing of payments for maintenance service contracts within general government and operating and debt service expenses related to the new police headquarters. The increase in transfer to capital projects and other funds is primarily related to budgeted increases for support of ongoing economic development projects.

General Fund revenues exceeded expenditures by $3.2 million, an improvement of $18.3 million when compared to the deficit of $15 million in the prior fiscal year. Typically, the General Fund is in a deficit for most of the fiscal year due to the timing of revenue recognition not being matched to expenditures, however, the increase in revenue and the decrease in expenditures resulted in a surplus at the end of February. At this point, the General Fund is performing above expectations.

CITY OF DANVILLE, VIRGINIA
GENERAL FUND REPORT
67% OF YEAR LAPSED AS OF FEBRUARY 29, 2024
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	$ 38,347,010	$ 20,373,867	53.13%		$ 17,973,143	$ 19,566,320
Other Local Taxes	41,230,430	28,113,521	68.19%		13,116,909	22,173,608
License Permits & Privilege Fees	424,040	501,189	118.19%		(77,149)	340,675
Fines & Forfeitures	277,760	122,586	44.13%		155,174	139,249
Revenue From Use Money & Property	3,969,170	3,866,685	97.42%		102,485	1,123,372
Charges For Services	3,140,340	1,804,340	57.46%		1,336,000	2,050,998
Miscellaneous Revenue	25,100	190,911	760.60%		(165,811)	180,062
Recovered Cost	8,900,992	5,666,677	63.66%		3,234,315	5,311,384
Non-Categorical Aid	13,382,620	9,051,234	67.63%		4,331,386	3,284,576
Shared Expenses (Categ. Aid State)	6,021,050	3,898,907	64.75%		2,122,143	3,703,873
Categorical Aid (State)	10,223,090	6,171,789	60.37%		4,051,301	5,413,121
Emergency Services (Federal)	27,020	-	0.00%		27,020	-
Categorical Aid (Federal)	-	5,860			(5,860)	9,435
Transfers From Utilities	15,588,000	10,392,000	66.67%		5,196,000	10,539,333
TOTAL REVENUES	**$ 141,556,622**	**$ 90,159,566**	**63.69%**		**$ 51,397,056**	**$ 73,836,006**
EXPENDITURES:						
General Government Administration	$ 14,613,948	$ 9,584,269	65.58%	$ 353,618	$ 4,676,061	$ 9,408,353
Judicial Administration	9,211,265	5,322,749	57.79%	-	3,888,516	5,679,151
Public Safety	38,820,603	24,341,670	62.70%	459,574	14,019,359	23,256,022
Public Works	5,267,922	3,005,594	57.05%	110,347	2,151,981	3,215,929
Health, Education, Welfare & Soc. Svc.	10,006,616	5,001,315	49.98%	76,492	4,928,809	5,095,946
Parks, Recreation & Cultural	6,330,734	3,593,192	56.76%	42,525	2,695,018	3,250,423
Community Development	4,842,522	3,321,481	68.59%	77,950	1,443,090	1,349,252
Non-Departmental	19,512,886	10,433,600	53.47%	362	9,078,924	10,163,213
Transfer to Schools - Operating	36,633,907	11,981,512	32.71%	-	24,652,395	23,276,567
Transfer to Capital Projects	6,869,503	6,869,503	100.00%	-	(0)	3,145,000
Transfer to Other Funds	3,892,050	3,557,002	91.39%	-	335,048	1,145,946
TOTAL EXPENDITURES	**$ 156,001,957**	**$ 87,011,888**	**55.78%**	**$ 1,120,868**	**$ 67,869,201**	**$ 88,985,802**
Revenue over(under) Expenditures		$ 3,147,678				$ (15,149,796)
FUND BALANCE:						
Beginning Fund Balance 07/01/2023		$ 55,069,404				$ 46,401,528
Revenue over(under) Expenditures		3,147,678				(15,149,796)
Ending Fund Balance 2/29/2024		**$ 58,217,082**				**$ 31,251,733**
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		$ 17,435,423				$ 8,414,637
Unassigned		40,781,659				22,837,096
TOTAL FUND BALANCE 2/29/24		**$ 58,217,082**				**$ 31,251,733**

CITY OF DANVILLE, VIRGINIA GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF FEBRUARY 29, 2024

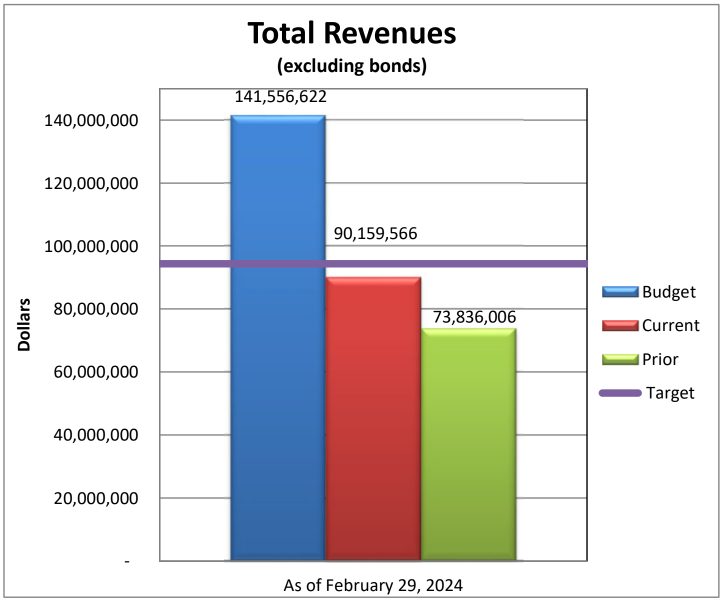
Beginning Total Fund Balance, July 1, 2023	55,069,403.89
Add: General Fund Revenues	90,159,566.13
Deduct: General Fund Expenditures	(87,011,887.73)
Ending Total Fund Balance, February 29, 2024	58,217,082.29

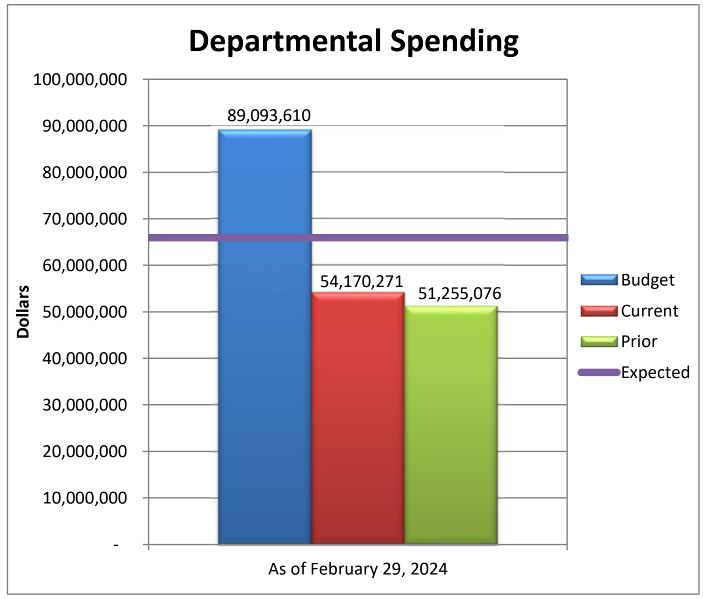
Composition of Fund Balance:	
Restricted for Commonwealth Attorney	102,335.92
Restricted for Police Department	40,297.41
Restricted for Fire Department	132,802.75
Committed for Sheriff's Department	9,908.73
Committed to Schools	12,442,313.80
Committed to Budget Stabilization	3,000,000.00
Assigned to Sheriff's Department	13,114.68
Assigned to Community Development	61,860.99
Assigned for Encumbrances	1,120,867.65
Assigned Casino Revenue	-
Nonspendable (Inventory and Prepaids)	511,921.48
UNASSIGNED	**40,781,658.88**
Total Fund Balance, February 29, 2024	58,217,082.29

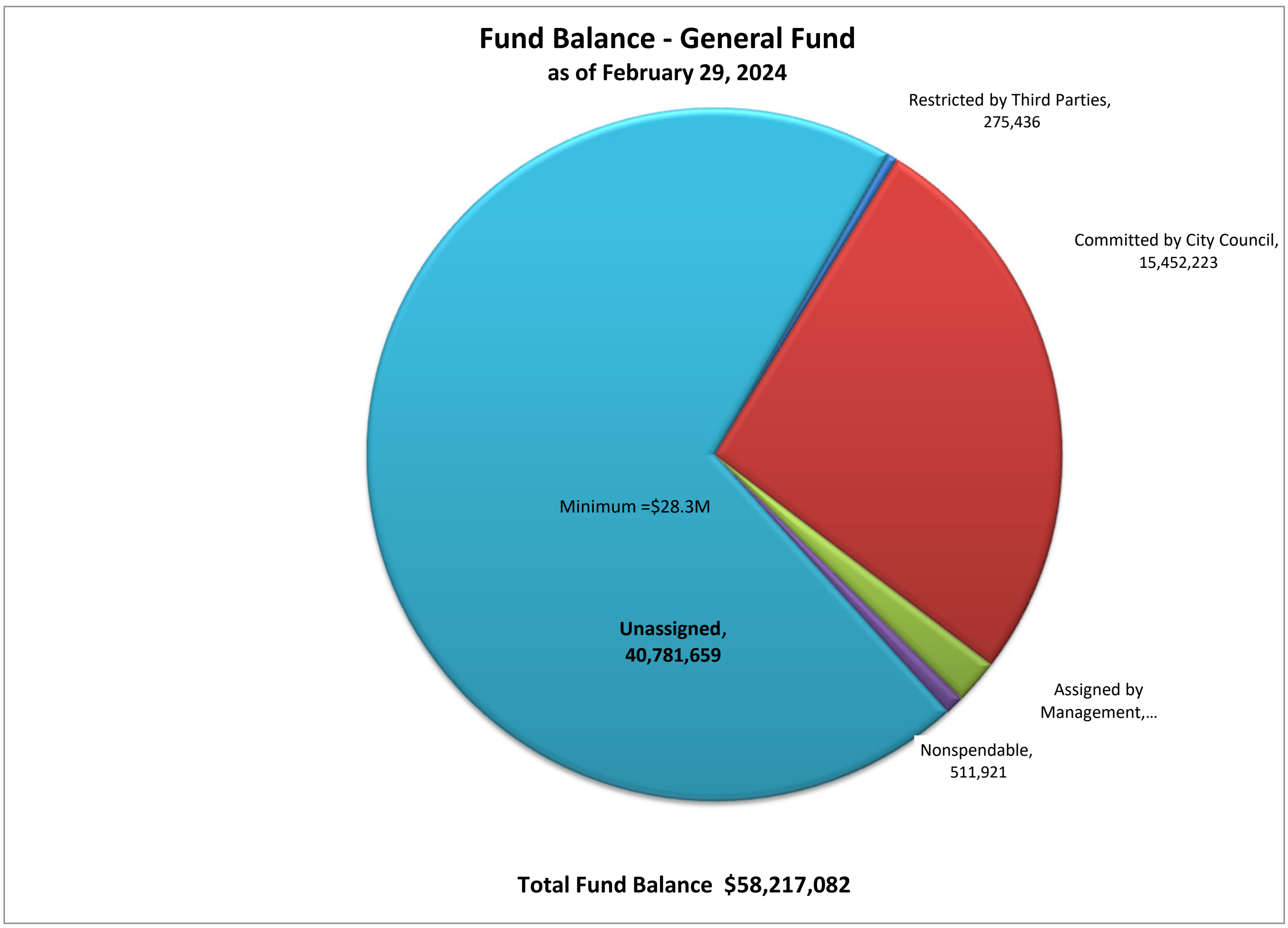
Unassigned fund balance from above	40,781,658.88
Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2024 budget	28,311,324.38
Current surplus (deficit) over (under) minimum	12,470,334.50

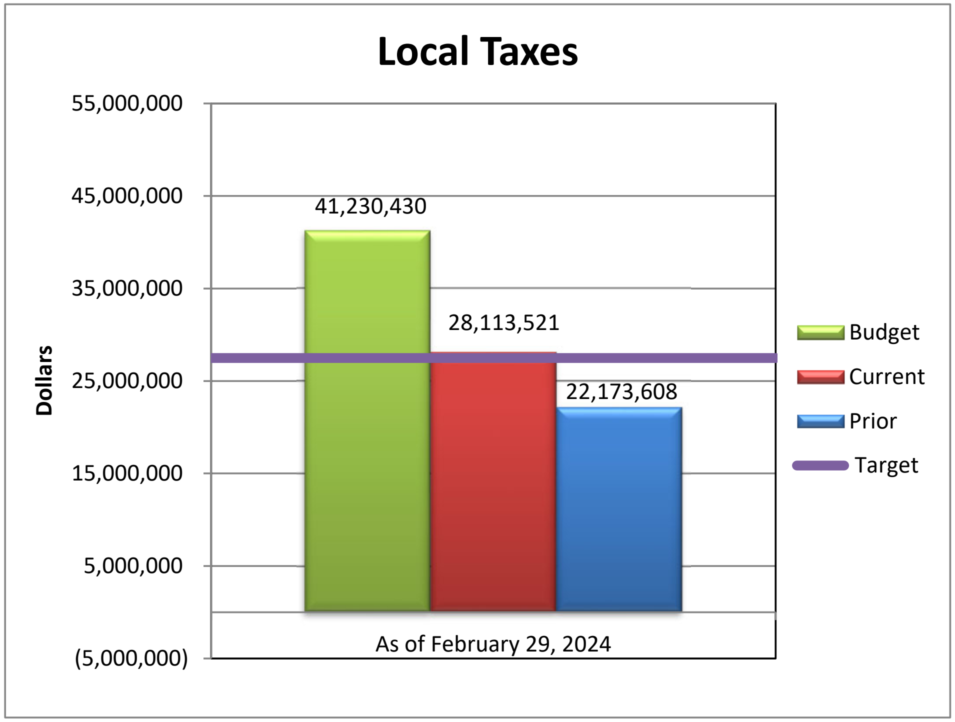
City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending February 29, 2024

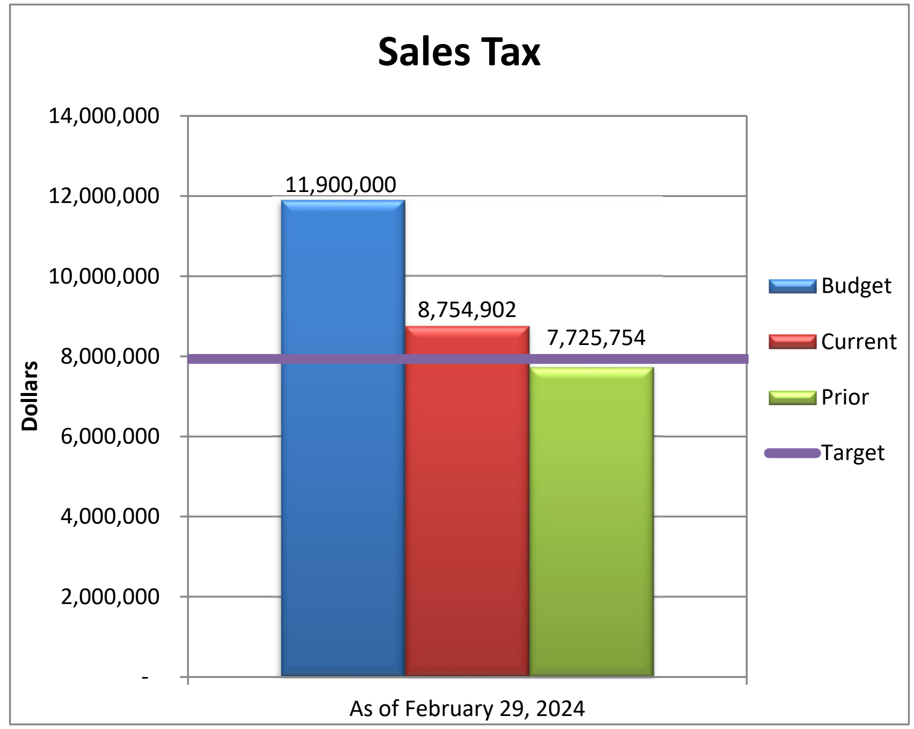
Description	Current Budget	Revenue Realized	Percentage Realized	Prior Year Budget	Prior Year Realized	Percentage Prior Year
Sales Tax	$ 11,900,000	$ 8,754,902	73.57%	$ 11,302,050	$ 7,725,754	68.36%
Business Licenses	6,800,000	4,409,600	64.85%	5,430,000	3,961,469	72.96%
Meals Tax	11,367,220	8,074,122	71.03%	10,800,000	7,258,463	67.21%
Utility Taxes	930,000	627,690	67.49%	930,000	620,821	66.75%
Vehicle License Fees	1,000,000	299,944	29.99%	1,000,000	324,861	32.49%
Bank Stock Tax	1,000,000	-	0.00%	1,000,000	-	0.00%
Recordation Tax	270,000	248,140	91.90%	270,000	256,466	94.99%
Hotel Motel Tax	2,467,230	2,094,133	84.88%	2,885,080	1,698,808	58.88%
Daily Property Rental Tax	15,980	16,527	103.42%	12,370	15,521	125.48%
Motor Vehicle Tax	200,000	164,723	82.36%	200,000	157,873	78.94%
DMV Fees	280,000	136,123	48.62%	250,000	153,573	61.43%
Ceasars Min Fee	5,000,000	3,287,618	65.75%	-	-	0.00%
TOTAL	$ 41,230,430	$ 28,113,521	68.19%	$ 34,079,500	$ 22,173,608	65.06%

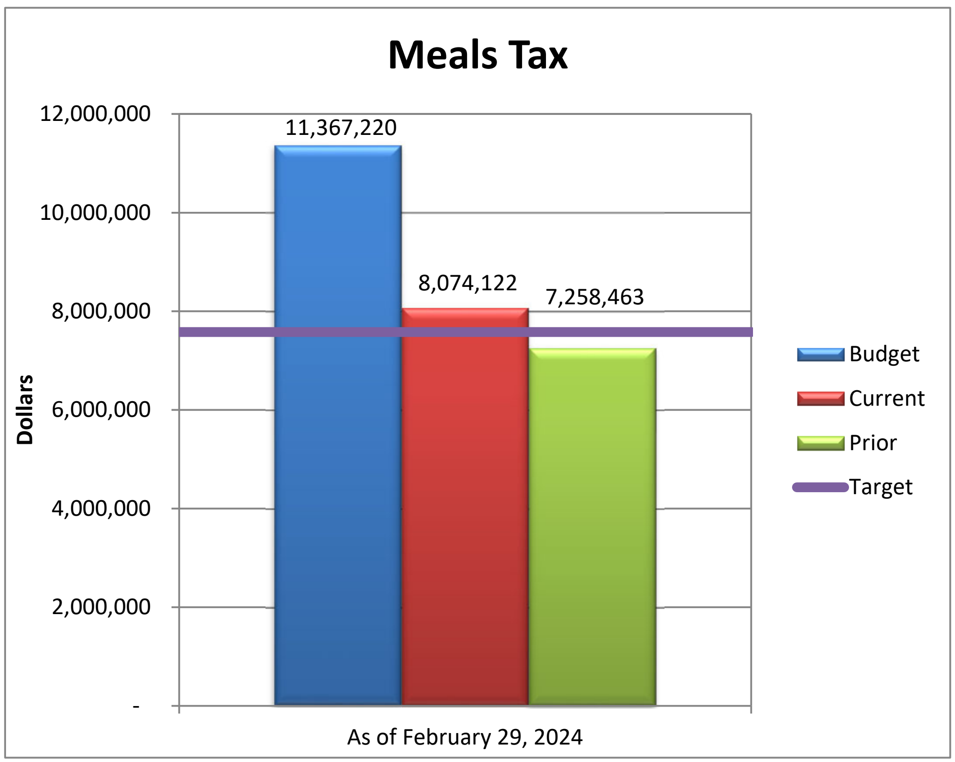

Total Revenues
(excluding bonds)
141,556,622
90,159,566
73,836,006
140,000,000
120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
-
Dollars
Budget
Current
Prior
Target
As of February 29, 2024

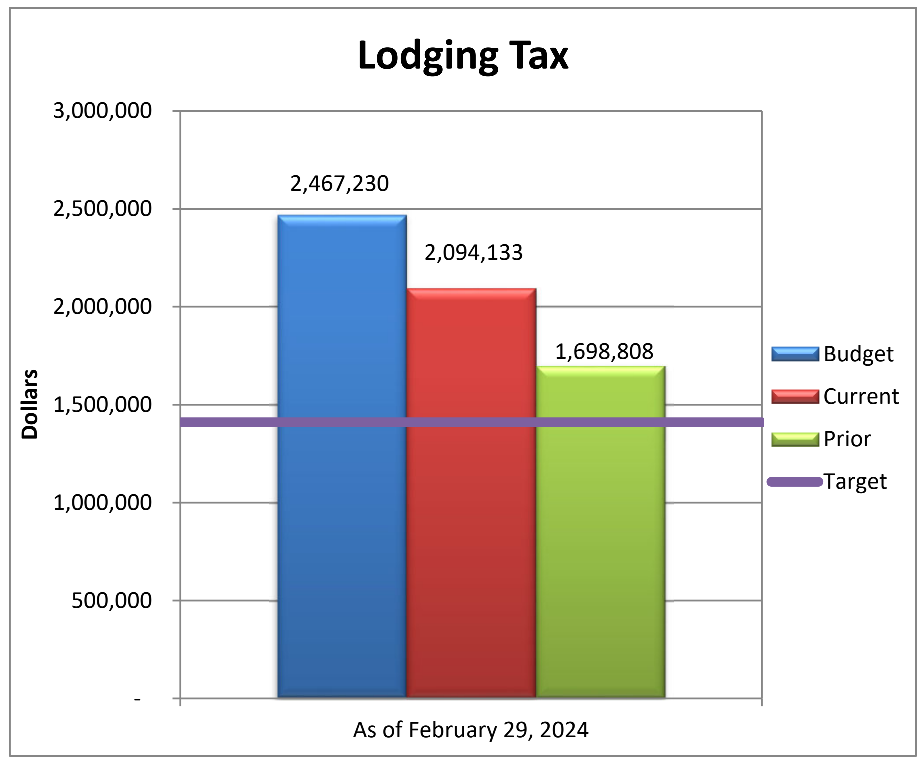

Departmental Spending
100,000,000
90,000,000
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Dollars
89,093,610
54,170,271
51,255,076
Budget
Current
Prior
Expected
As of February 29, 2024


Fund Balance - General Fund
as of February 29, 2024
Restricted by Third Parties, 275,436
Committed by City Council, 15,452,223
Minimum =$28.3M
Unassigned, 40,781,659
Assigned by Management,...
Nonspendable, 511,921
Total Fund Balance $58,217,082


Local Taxes
55,000,000
45,000,000
35,000,000
25,000,000
15,000,000
5,000,000
(5,000,000)
Dollars
41,230,430
28,113,521
22,173,608
As of February 29, 2024
Budget
Current
Prior
Target


Sales Tax
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Dollars
11,900,000
8,754,902
7,725,754
As of February 29, 2024
Budget
Current
Prior
Target


Meals Tax
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Dollars
11,367,220
8,074,122
7,258,463
As of February 29, 2024
Budget
Current
Prior
Target


Lodging Tax
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
Dollars
2,467,230
2,094,133
1,698,808
As of February 29, 2024
Budget
Current
Prior
Target

Council Letter
City of Danville, Virginia

CL - 1187 **NEW BUSINESS B.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of a Resolution to Issue Revenue Bonds for Electric and Water Infrastructure

From: Michael Adkins, Chief Financial Officer

COUNCIL ACTION

A Resolution Providing for the Issuance and Sale by the City of Danville, Virginia, of a Taxable Utility System Revenue Bond, Series 2024, in a Principal Amount not to Exceed $13,520,000, Heretofore Authorized, and Providing for the Form, Details and Payment of Such Bond.

SUMMARY

The Utility Department has requested funding for the construction of a new Cyber Park substation ($4 million), purchase of two electric transformers for the New Design Substation upgrade ($4 million), other electric system reliability improvements ($1.5 million), and continued replacement of cast iron water mains ($3 million). This funding can be achieved with the issuance of revenue bonds in the amount of $12.5 million through the Virginia Resource Authority.

BACKGROUND

A new substation at the Cyber Park is needed to service the facility that houses the Accelerated Training in Defense Manufacturing Program, as well as other potential economic development opportunities in the Cyber Park. In addition, two new transformers are needed for upgrading the New Design Substation. This particular substation is the last City substation that currently has transformers from the 1970s. While construction costs are included in the FY 2025 budget requests, it is necessary to order the transformers now as the lead time is currently 18 - 24 months. Other electric system improvements will enhance the reliability of service with replacement of conductors, poles, and hardware.

The funding provided by this bond issuance will also enable the replacement of 4 - 6 miles of cast iron water mains. Cast iron mains typically fail once they become aged and brittle. This replacement project will be focused on the most vulnerable areas, resulting in a reduction of costs associated with emergency repairs.

The issuance of revenue bonds for these purposes is an appropriate funding strategy as this recognizes the utility operations revenue as the backing and source of payment for the related debt service. Issuing revenue bonds through the Virginia Resource Authority also provides an advantage of pooling the City's financing needs with those of other Virginia localities. Issuing the City's revenue bonds as part of a larger pool will generate greater competition from financing institutions and result in a lower borrowing rate.

RECOMMENDATION

Staff recommends City Council approve the following Resolution to allow issuance of revenue bonds to cover the aforementioned uses and related bond issuance cost.

Attachments

1. Resolution
2. Financing Agreement (Revenue)
3. Second Supplemental Trust Agreement

PRESENTED: ____________________

ADOPTED: ______________________

RESOLUTION NO. 2024 -____.____

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE BY THE CITY OF DANVILLE, VIRGINIA, OF A TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2024, IN A PRINCIPAL AMOUNT NOT TO EXCEED $13,520,000, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF SUCH BOND

WHEREAS, the Council (the "Council") of the City of Danville, Virginia (the "City"), has established a master program for financing and refinancing the improvements and extensions to its water, wastewater, electric and gas systems (collectively, the "Systems") by the issuance of bonds payable from revenues of the Systems; and

WHEREAS, the Council adopted an ordinance on September 6, 2022 (the "2022 Ordinance"), authorizing in part, under the provisions of Section 9-7D of the City Charter, the issuance of general obligation and/or revenue bonds in a maximum principal amount of $10,000,000 to finance capital expenditures relating to the City's water, sewer, gas and electric systems or other specific undertaking or undertakings from which the City may derive a revenue, as more fully described in the 2022 Ordinance; and

WHEREAS, $6,480,000 principal amount of bonds authorized by the 2022 Ordinance have been issued, and $3,520,000 principal amount remains authorized but unissued; and

WHEREAS, as permitted by the provisions of Section 9-7F of the City Charter, the City's power to issue the remaining principal amount of the bonds authorized by the 2022 Ordinance will not terminate until June 30, 2024; and

WHEREAS, the Council adopted an ordinance on March 19, 2024 (the "2024 Ordinance"), authorizing in part, under the provisions of Section 9-7D of the City Charter, the issuance of general obligation and/or revenue bonds in a maximum principal amount of

$10,000,000 to finance capital expenditures relating to the City's water, sewer, gas and electric systems or other specific undertaking or undertakings from which the City may derive a revenue, as more fully described in the 2024 Ordinance; and

WHEREAS, the full $10,000,000 principal amount of bonds authorized by the 2024 Ordinance remains authorized but unissued; and

WHEREAS, using the $3,520,000 remaining principal amount of the bonds authorized by the 2022 Ordinance and up to $10,000,000 principal amount of the bonds authorized by the 2024 Ordinance to finance projects contemplated under the provisions of Section 9-7D of the City Charter, the Council desires to finance capital expenditures relating to the City's water and electric systems, including, without limitation, (a) distribution and treatment infrastructure improvements for the water system, (b) substations and distribution infrastructure improvements for the electric system, and (c) other capital expenditures relating to the City's water, sewer, gas and/or electric systems (collectively, the "2024 Project"); and

WHEREAS, the Council desires to issue a single utility system revenue bond in a principal amount not to exceed $13,520,000 (the "2024 Bond") to finance the 2024 Project and to pay the costs of issuing the 2024 Bond; and

WHEREAS, the City has applied to the Virginia Resources Authority ("VRA") for the purchase of the 2024 Bond, and VRA has indicated its willingness to purchase the 2024 Bond from the proceeds of one or more series of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) (collectively, the "VRA Bonds") in accordance with the terms of (a) an Agreement of Trust (the "Master Trust Agreement") dated as of March 31, 2023, between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as previously supplemented and as further supplemented by a Second Supplemental Agreement of Trust (the "Second Supplement" and, together with the Master Trust Agreement, the "Trust Agreement") to be dated as of a date specified by the City Manager, between the City and the Trustee, and (b) a Local Bond Sale and Financing

Agreement to be dated as of a date specified by VRA (the "Financing Agreement"), between VRA and the City, the forms of which have been made available prior to this meeting; and

WHEREAS, the Financing Agreement shall indicate that the sum of $12,500,000 (plus an amount sufficient to pay related costs of issuance) is the amount of proceeds requested for the 2024 Project from VRA, which amount may be revised at the written request of the City prior to VRA's bond pricing if approved by VRA (such final amount, the "Proceeds Requested"); and

WHEREAS, VRA has advised the City that VRA's objective is to pay the City a purchase price for the 2024 Bond (the "Purchase Price Objective") that in VRA's judgment reflects its market value taking into consideration the Proceeds Requested and such factors as the purchase price received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters' discount and other costs incurred by VRA) (collectively, the "VRA Costs") and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, such factors are expected to result in the City's receiving a purchase price other than the par amount of the 2024 Bond, and, consequently, (a) the principal amount of the 2024 Bond may be greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (b) if the maximum authorized principal amount of the 2024 Bond set forth in Section 4 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the City, given the Purchase Price Objective and market conditions, will be less than the Proceeds Requested; and

WHEREAS, the Financing Agreement will provide that the terms of the 2024 Bond may not exceed the parameters set forth below in Section 4.

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

1. Issuance and Sale of Bond. (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 authorizations of the 2022 Ordinance and the 2024 Ordinance, the Council provides for the issuance and sale of the 2024 Bond in a principal amount not to exceed $13,520,000 to finance the 2024 Project and to pay the related costs of issuing the 2024 Bond. The 2024 Bond shall be delivered to or upon the order of VRA upon VRA's payment of the purchase price set forth in the Financing Agreement and subject to the terms and conditions set forth in the Financing Agreement and the Trust Agreement.

(b) The Council determines that the average probable period of usefulness of the 2024 Project is not less than 22 years nor more than 30 years.

2. Authorization of Trust Agreement. The Mayor and the City Manager, either of whom may act, are authorized and directed to execute the Second Supplement and deliver such documents to the Trustee. The Second Supplement shall be in substantially the same form as made available prior to this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or the City Manager, either of whom may act, whose approval shall be evidenced conclusively by the execution and delivery thereof.

3. Authorization of Financing Agreement. The form of the Financing Agreement made available prior to this meeting is hereby approved. The City Manager (which term shall include the Deputy City Manager for purposes of this Resolution) is authorized to execute and deliver the Financing Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the City Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. For purposes of this Resolution, all capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Financing Agreement.

4. Bond Details. (a) The 2024 Bond shall be issued as a single, registered bond, shall be designated "Taxable Utility System Revenue Bond, Series 2024," shall be numbered R-1, and shall be dated the date that is 30 days prior to the closing date of the VRA Bonds. The Council authorizes the issuance and sale of the 2024 Bond on such terms as shall be determined by VRA subject to VRA's Purchase Price Objective and the market conditions described in the Recitals hereof; provided, however, that the 2024 Bond (i) shall be issued in a principal amount not to exceed $13,520,000, (ii) shall have a "true" interest cost not to exceed 5.50% (exclusive of "Supplemental Interest" as provided in the Financing Agreement), (iii) shall be sold to VRA at a price that is substantially equal to the Proceeds Requested, (iv) shall be payable in principal installments commencing not later than two years from the issue date of the 2024 Bond and ending not later than December 31, 2044, and (v) shall be subject to prepayment upon the terms set forth in the Financing Agreement and the Second Supplement. Subject to the preceding terms, the Council further authorizes the City Manager to accept the final terms presented by VRA, including (x) the final principal amount of the 2024 Bond and (y) the amortization schedule (including the principal installment dates and amounts) for the 2024 Bond.

(b) If the limitation on the maximum principal amount of the 2024 Bond set forth in this Section 4 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the Purchase Price Objective and the market conditions described above, the City Manager is authorized to accept a purchase price for the 2024 Bond at an amount less than the Proceeds Requested. The actions of the City Manager in determining the final terms of the 2024 Bond shall be conclusive, and no further action shall be necessary on the part of the Council.

(c) As set forth in the Financing Agreement, the City agrees to pay such "Supplemental Interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve. The principal of and premium, if any, and interest on the 2024 Bond shall be payable in lawful money of the United States of America.

(d) The 2024 Bond shall be substantially in the form attached as an exhibit to the Second Supplement.

5. Execution and Authentication. The Mayor, the City Treasurer and the City Clerk are hereby authorized and directed to prepare and execute the 2024 Bond pursuant to the Trust Agreement, to deliver it to the Trustee for authentication and to cause the 2024 Bond so executed and authenticated to be delivered to, or at the direction of, VRA upon payment therefor.

6. Pledge of Security. The 2024 Bond shall be a limited obligation of the City, payable solely from the Net Revenues (as defined in the Master Trust Agreement) and certain funds and accounts established pursuant to the Trust Agreement, and nothing in the 2024 Bond or the Trust Agreement shall be deemed to create or constitute a general obligation indebtedness or pledge of the full faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City.

7. Arbitrage Covenants. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA 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 the VRA Bonds to be includable in the gross income for federal income tax purposes of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of the Tax Compliance Agreement (as hereinafter defined) 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 2024 Bond, unless VRA and the City receive an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent interest on the VRA Bonds from being included 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 legally available funds.

8. Tax Compliance Agreement. The Mayor and the City Manager, either of whom may act, together with such other officers of the City as may be requested by VRA, are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement (the "Tax Compliance Agreement") in a form not inconsistent with this Resolution as may be approved by the officers of the City executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

9. Private Activity Bond Covenant. The City covenants that it shall not permit the proceeds of the 2024 Bond or the facilities financed therewith to be used in any manner that

would result in (a) 5% or more of such proceeds or such 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 such 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 VRA and the City receive an opinion of nationally recognized bond counsel that compliance with any such covenants is not required to prevent the 2024 Bond from becoming a "private activity bond" within the meaning of Section 141 of the Code, the City need not comply with such covenants to the extent provided in such opinion.

10. 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 2024 Bond. 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.

11. Official Statement. The City authorizes and consents to the inclusion of information with respect to the City contained in VRA's Official Statement (in its preliminary and final forms) prepared in connection with the sale of the VRA Bonds. The City Manager is authorized and directed to take whatever actions as are reasonably necessary or appropriate to aid VRA in complying with Securities and Exchange Commission Rule 15c2-12.

12. 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 2024 Bond 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 they may consider reasonably necessary or desirable in connection with the issuance, sale and delivery of the 2024 Bond pursuant to this Resolution, the Trust Agreement and the Financing Agreement.

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

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

Approved:

____
Mayor

Attest:

____
City Clerk

Approved As To
Form and Legal Sufficiency

____
City Attorney

Revenue
New Money

LOCAL BOND SALE AND FINANCING AGREEMENT

between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF DANVILLE, VIRGINIA

Dated as of March 31, 2023

Virginia Resources Authority
Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2023A

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont.)

Page

TABLE OF CONTENTS (cont.)

LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of March 31, 2023, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **CITY OF DANVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

A. VRA intends to issue its Related Series of VRA Bonds, as hereinafter defined, and to use a portion of the proceeds thereof to acquire from the Local Government the Local Bond, as hereinafter defined.

B. VRA and the Local Government wish to set forth herein certain terms, conditions and provisions related to the purchase of the Local Bond, the application of the proceeds thereof, the payment of the debt service thereon and the security therefor, and the use and maintenance of the Related Financed Property, as hereinafter defined.

NOW, THEREFORE, VRA and the Local Government agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 **Definitions**. Each capitalized term contained in this Agreement has the meaning set forth below:

"2023A Acquisition Fund" has the meaning set forth in the Related Supplemental Series Indenture.

"Act" means the Virginia Resources Authority Act, Chapter 21, Title 62.1 of the Code of Virginia of 1950, as amended.

"Agreement" means this Local Bond Sale and Financing Agreement dated the date first written above, between VRA and the Local Government, as modified, altered, amended or supplemented in accordance with the terms hereof.

"Annual Budget" means the budget of the System for each Fiscal Year.

"Business Day" means any day on which commercial banking institutions are generally open for business in New York, New York and Richmond, Virginia.

"Closing Date" means May 24, 2023 or such other date as may be determined by VRA.

"Consulting Engineer" has the meaning given to it in the Local Indenture.

"Effective Date" means March 31, 2023, which is the deadline for the Local Government to provide an executed copy of this Agreement to VRA.

"Event of Default" has the meaning set forth in Section 10.1.

"Existing Parity Bonds" has the meaning set forth in Section 2.2(n).

"Financing Parameters" means the parameters established by the governing body of the Local Government regarding the terms and conditions of the Local Bond, which may include a maximum par amount, maximum "true" interest cost or targeted savings.

"Fiscal Year" means the 12-month period beginning July 1 of one year and ending on June 30 of the following year, or if the Local Government has established another 12-month period as its annual accounting period such other 12-month period.

"Government Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"Local Account" means the local account established for the Local Bond within the 2023A Acquisition Fund.

"Local Authorization" means, together, the ordinance adopted on September 6, 2022 (the "Ordinance") and the bond resolution adopted on March 21, 2023 ("Bond Resolution") by a majority of the members of the governing body of the Local Government approving (i) the transactions contemplated by and authorizing the execution and delivery of the Local Bond Documents and (ii) the execution, issuance and sale of the Local Bond subject to the Financing Parameters.

"Local Bond" means the Local Government's Taxable Utility System Revenue Bond, Series 2023, issued in the original principal amount set forth in Schedule 1.1, as such bond may be amended or modified.

"Local Bond Documents" means this Agreement, the Local Indenture, and the Local Tax Document.

"Local Government" means the City of Danville, Virginia.

"Local Indenture" means the Agreement of Trust dated as of May 1, 2023, between the Local Government and the Local Trustee, as modified, altered, amended and supplemented in accordance with its terms.

"Local Representative" means (i) the Mayor or Vice Mayor of the Local Government, (ii) the chief executive officer of the Local Government and (iii) any other official or employee of the Local Government authorized by resolution of the governing body of the Local Government to perform the act or sign the document in question.

"Local Tax Document" means the Nonarbitrage Certificate and Tax Compliance Agreement dated the Closing Date, between the Local Government and VRA, as modified, altered, amended and supplemented.

"Local Trustee" has the meaning given the term "Trustee" in the Local Indenture.

"Master Indenture" means the Master Indenture of Trust dated as of December 1, 2003, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms.

"Net Revenues Available for Debt Service" shall have the same meaning as "Net Revenues" as defined in the Local Indenture.

"Operating Expenses" has the meaning given to it in the Local Indenture.

"Parity Bonds" means any of the Local Government's "Bonds" issued under the Local Indenture.

"Proceeds Requested" means $7,175,000, together with an amount to pay related costs of issuance, or such other amount requested in writing by the Local Government and approved by VRA prior to the Sale Date.

"Project" means the project described in Exhibit B.

"Project Budget" means the budget for the Project set forth in Schedule 1.1.

"Project Costs" means the costs of the Project to the extent such costs are included in the definition of "cost" set forth in Section 62.1-199 of the Act, and includes the refunding of obligations of VRA or the Local Government issued to finance or refinance "costs" set forth in Section 62.1-199 of the Act.

"Purchase Price" has the meaning set forth in Schedule 1.1 and represents the amount received by the Local Government from the sale of the Local Bond to VRA. The Purchase Price of the Local Bond will be determined by adding to or subtracting from the par amount of the Local Bond the Local Government's share of the net original issue premium or discount on the Related Series of VRA Bonds and by subtracting from the par amount of the Local Bond the Local Government's share of VRA's expenses as set forth in Section 3.2 and the Local Government's share of the deposit on the Closing Date to any applicable VRA Reserve. It is acknowledged that the Purchase Price does not include any accrued interest on the Local Bond from its dated date to the Closing Date.

"Qualified Independent Consultant" has the meaning set forth in the Local Indenture; provided, however, all Qualified Independent Consultants are subject to the reasonable approval of VRA.

"Related Financed Property" means the land, building, equipment and other property, the acquisition, construction, renovation, or equipping of which was financed by the Local Bond as part of the Project.

"Related Portion of VRA Bonds" means the portion of the Related Series of VRA Bonds allocable to the Local Bond (as determined by VRA), including any bonds issued by VRA to refund such Related Series of VRA Bonds in whole or in part.

"Related Series of VRA Bonds" means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2023A (or such other series of Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) that is specified in Schedule 1.1), in the original aggregate principal amount set forth in Schedule 1.1, and, unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the Related Series of VRA Bonds in whole or in part.

"Related Supplemental Series Indenture" means the Fifty-Fifth Supplemental Series Indenture of Trust dated as of May 1, 2023, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

"Revenue Fund" has the meaning set forth in the Master Indenture.

"Revenues" has the meaning set forth in the Local Indenture.

"Sale Date" means May 10, 2023 or such other date specified in Schedule 1.1.

"Supplemental Interest" has the meaning set forth in Section 6.1.

"System" has the meaning set forth in the Local Indenture.

"Trustee" means U.S. Bank Trust Company, National Association, Richmond, Virginia, as trustee under the Master Indenture and the Related Supplemental Series Indenture, or its successors serving in such capacity.

"Virginia SNAP" means the Commonwealth of Virginia State Non-Arbitrage Program.

"VRA" means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia.

"VRA Bonds" means the Related Series of VRA Bonds and any additional bonds issued under the Master Indenture.

"VRA Reserve" means any one or more of the Capital Reserve Fund, the Infrastructure Debt Service Reserve Fund, the Operating Reserve Fund, a CRF Credit Facility or an Infrastructure Revenue DSRF Facility, each as defined in the Master Indenture.

Section 1.2 Rules of Construction. The following rules apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of the Local Bond do not refer to or connote the payment of the Local Bond at its stated maturity.

(c) All references in this Agreement to particular Articles, Sections or Exhibits are references to Articles, Sections or Exhibits of this Agreement unless otherwise indicated.

(d) The headings and table of contents as used in this Agreement are solely for convenience of reference and do not constitute a part of this Agreement and do not affect its meaning, construction or effect.

ARTICLE II
REPRESENTATIONS

Section 2.1 **Representations by VRA**. VRA represents to the Local Government as follows:

(a) VRA is a duly created and validly existing public body corporate and political subdivision of the Commonwealth of Virginia vested with the rights and powers conferred upon it under the Act.

(b) VRA has full right, power and authority to (i) issue, sell and deliver the Related Series of VRA Bonds, (ii) direct the Trustee to use a portion of the proceeds of the Related Series of VRA Bonds to purchase the Local Bond from the Local Government as contemplated under the Related Supplemental Series Indenture and this Agreement and (iii) carry out and consummate all other transactions contemplated by this Agreement.

(c) VRA has duly authorized, executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of VRA enforceable against VRA in accordance with its terms.

Section 2.2 **Representations by Local Government**. The Local Government represents to VRA as follows:

(a) The Local Government is a duly created and validly existing Virginia "local government" (as defined in Section 62.1-199 of the Act) and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Local Government has full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (ii) issue and sell the Local Bond to VRA and deliver the Local Bond to the Trustee, (iii) own and operate the System, (iv) undertake the Project and (v) carry out and consummate all of the transactions contemplated by the Local Authorization, the Local Bond and the Local Bond Documents.

(c) The Local Authorization authorized the execution and delivery of this Agreement, and this Agreement is in substantially the same form as presented to the Local Government's governing body at its meeting at which the Local Authorization was adopted. The Ordinance was filed in the Circuit Court of the City of Danville, Virginia, on October 21, 2022. The Bond Resolution was filed in the Circuit Court of the City of Danville, Virginia, on March 24, 2023.

(d) The Local Government has obtained all governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the Effective Date for the Local Government's (i) adoption of the Local Authorization, (ii) execution and delivery of the Local Bond Documents and the Local Bond, (iii) performance of its obligations under the Local Bond Documents and the Local Bond, (iv) the undertaking of the Project and (v) the operation and use of the System. The Local Government knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals not required to be obtained by the Effective Date cannot be obtained as required in the future.

(e) The Local Government has executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(f) When executed and delivered in accordance with the Local Authorization and this Agreement, the Local Bond will have been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding limited obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(g) The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of, (i) to the best of the Local Government's knowledge, any federal or Virginia constitutional or statutory provision, including the Local Government's charter or articles of incorporation, if any, (ii) any agreement or other instrument to which the Local Government is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

(h) The Local Government is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(i) The Local Government (i) to the best of the Local Government's knowledge, is not in violation of any existing law, rule or regulation applicable to it in any way that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond or the Local Bond Documents and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Local Government is a party or by which it is bound or to which any of its assets is subject that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond and the Local Bond Documents. The Local Government's execution and delivery of the Local Bond and the Local Bond Documents and its compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(j) The Local Government reasonably expects that, unless otherwise permitted by the terms of the Local Bond Documents or approved by VRA, the Local Government will own, operate and control the System at all times during the term of the Local Bond.

(k) Except as set forth in Exhibit C, no litigation has been served upon the Local Government, nor, to the best of its knowledge, are there pending or threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature (i) affecting the creation, organization or existence of the Local Government or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Authorization or the Local Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Local Government or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond or (v) affecting the Project.

(l) The financial statements, applications and other information that the Local Government furnished to VRA in connection with this Agreement fairly and accurately portray the Local Government's financial condition, as of their dates, and, [other than the known and unknown risks associated with the ongoing COVID-19 pandemic], there has been no material adverse change in the financial condition of the Local Government since the date of the financial statements provided to VRA in connection with this Agreement.

(m) Nothing that would constitute an Event of Default hereunder has occurred and is continuing, and no event or condition exists that with the passage of time or the giving of notice, or both, would constitute an Event of Default hereunder.

(n) A list of all Parity Bonds that are outstanding on the date of this Agreement is attached as Exhibit J (the "Existing Parity Bonds").

(o) Except for the Existing Parity Bonds, there is no indebtedness of the Local Government secured by a pledge of Revenues prior to or on a parity with the lien of the pledge of Revenues that secures the Local Bond.

Section 2.3 Representations Remade as of the Sale Date. (a) It shall be a condition precedent of VRA's obligation to sell the Related Series of VRA Bonds that the Local Government's representations and warranties set forth in Section 2.2 be true and accurate in all respects on the Sale Date.

(b) If prior to the Sale Date, any representation or warranty set forth in Section 2.2 becomes untrue or inaccurate, then the Local Government shall notify VRA within one Business Day of becoming aware of such facts, and VRA, in its sole and absolute discretion, shall determine whether to sell VRA Bonds on behalf of the Local Government, which series of VRA Bonds (if any) to sell on behalf of the Local Government and any additional conditions precedent to the sale of such VRA Bonds or the purchase of the Local Bond.

ARTICLE III
PURCHASE OF THE LOCAL BOND

Section 3.1 __Purchase of the Local Bond__. (a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth or incorporated herein, VRA shall purchase, solely from the proceeds of the Related Series of VRA Bonds, all, but not less than all, of the Local Bond from the Local Government, and the Local Government shall, subject to the Financing Parameters, sell and deliver to VRA the Local Bond for the Purchase Price. The Local Government acknowledges that the Purchase Price is determined by VRA, is subject to VRA's Purchase Price Objective (as defined below) and market conditions as described below, and is expected to be substantially equal to the Proceeds Requested. The Local Government shall issue the Local Bond pursuant to the Local Authorization and Local Indenture and in substantially the form of Exhibit A to this Agreement. As a condition of VRA entering into this Agreement, the Local Government shall deliver to VRA a copy of the Local Authorization as adopted prior to the date hereof.

(b) The Local Government acknowledges that VRA has advised the Local Government that its objective is to pay the Local Government the Purchase Price for its Local Bond which in VRA's judgment reflects the market value of the Local Bond ("Purchase Price Objective"), taking into consideration the Financing Parameters, the purchase price received by VRA for the Related Series of VRA Bonds, the underwriters' discount and other issuance costs of the Related Series of VRA Bonds and other market conditions relating to the sale of the Related Series of VRA Bonds. The Local Government further acknowledges that VRA has advised it that such factors may result in the Local Bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, the Local Government may need to issue the Local Bond with a par amount that is greater or less than the Proceeds Requested. The Local Government shall not issue the Local Bond if doing so would violate any Financing Parameter. Subject to the preceding sentence, the Local Government shall issue the Local Bond at a par amount that provides, to the fullest extent practicable given VRA's Purchase Price Objective, a Purchase Price at least equal to the Proceeds Requested, all in accordance with the Local Authorization. The Local Government acknowledges that the Purchase Price will be less than the Proceeds Requested if any Financing Parameter prevents VRA from generating a Purchase Price substantially equal to the Proceeds Requested, based upon VRA's Purchase Price Objective.

Section 3.2 __Issuance Expenses__. VRA shall pay, or cause to be paid, from the proceeds of the Related Series of VRA Bonds all expenses incident to the performance of VRA's obligations under and the fulfillment of the conditions imposed by this Agreement in connection with the issuance, sale and delivery of the Related Series of VRA Bonds and the purchase of the Local Bond on the Closing Date, including, but not limited to: (i) the cost, if any, of preparing and delivering the Related Series of VRA Bonds; (ii) the cost of preparing, printing and delivering the Preliminary Official Statement and the Official Statement for the Related Series of VRA Bonds and any amendment or supplement thereto; (iii) the fees and expenses of the financial advisor(s) and bond counsel to VRA; and (iv) all other costs and expenses incurred by VRA. The Local Government shall pay all expenses of the Local Government incident to the issuance, sale and delivery of the Local Bond, including, but not limited to the fees and disbursements of the financial advisor, counsel and bond counsel to the Local Government from the Purchase Price or other funds of the Local Government.

Section 3.3 **Schedule 1.1**. VRA shall complete Schedule 1.1, which shall set forth, among other things, the principal amount, interest rates, payment schedule and Purchase Price with respect to the Local Bond and the principal amount of the Related Series of VRA Bonds on or after the Sale Date. VRA shall deliver the completed Schedule 1.1 to the Local Government and shall attach Schedule 1.1 to this Agreement. Upon delivery to the Local Government, the completed Schedule 1.1 shall become a part of this Agreement the same as if it were a part hereof on the Effective Date.

Section 3.4 **Conditions Precedent to Purchase of the Local Bond**. VRA shall not be required to cause the Trustee to purchase the Local Bond unless:

(a) VRA has received the following, all in form and substance satisfactory to VRA:

(1) A copy of each item required to be deposited with the Local Trustee under the Local Indenture for the issuance of Bonds (as defined in the Local Indenture) pursuant to Section 304 of the Local Indenture.

(2) Certified copies of the Local Authorization and all other ordinances and resolutions of the Local Government relating to the Local Bond Documents and the Local Bond, if any.

(3) A certificate of the appropriate officials of the Local Government dated the Closing Date as to the matters set forth in Section 2.2 and Section 2.3 (to the extent applicable), including appropriate certifications regarding the Local Bond Documents, and such other matters as VRA may reasonably require.

(4) Evidence that the Local Government has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

(5) An opinion of counsel to the Local Government in substantially the form attached as Exhibit F.

(6) An opinion of bond counsel to the Local Government in form and substance reasonably satisfactory to VRA.

(7) Evidence that the Local Government has complied with the insurance provisions set forth in Section 809 of the Local Indenture.

(8) The executed Local Bond and original executed counterparts of the Local Tax Document.

(9) A certificate of the Consulting Engineer giving the Consulting Engineer's estimate of the construction portion of the total Project Costs to be financed with the proceeds of the Local Bond, which estimate must be in an amount and otherwise compatible with the financing plan described in the Project Budget.

(10) A certificate of the Consulting Engineer (i) to the effect that the Purchase Price and funds available from the other sources specified in the Project Budget will be sufficient to pay the construction portion of the estimated Project Costs and (ii) specifying the date the Local Government is expected to complete the Project.

(11) A certificate or certificates of a Qualified Independent Consultant, including supporting documentation, to the effect that during the first two complete Fiscal Years following the estimated completion date of the Project, the projected Net Revenues Available for Debt Service will satisfy the Local Government's rate covenant under Section 5.2(a). In providing this certificate, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person or entity required to give approval for the rate increase to become effective. In addition, the Qualified Independent Consultant may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Local Government and from reasonable estimates of growth in the Local Government's consumer base.

(12) A certificate of the Consulting Engineer to the effect that (i) all governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project, as enumerated in the certificate, and the operation and use of the System required to have been obtained as of the Closing Date have been obtained and (ii) the Consulting Engineer knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project, as enumerated in the certificate, and the operation and use of the System cannot be obtained as required in the future.

(13) Evidence that the Local Government is in compliance with the construction contract provisions set forth in Section 7.13 with respect to any existing contracts as of the Closing Date.

(14) Evidence that the Local Government has satisfied all conditions precedent to the issuance of the Local Bond as a "Parity Bond" under the financing documents for the Existing Parity Bonds, including the Local Indenture.

(15) Such other documentation, certificates and opinions as VRA may reasonably require as set forth in Schedule 1.1.

(b) The initial purchasers of the Related Series of VRA Bonds have paid in full and VRA has accepted the purchase price for the Related Series of VRA Bonds on the Closing Date. It is understood that the sole source of funds to pay the Purchase Price is a portion of the proceeds of the Related Series of VRA Bonds.

ARTICLE IV
USE OF PURCHASE PRICE

Section 4.1 **Deposit of Purchase Price; Investment of Amounts in Local Account**. (a) On the Closing Date, VRA shall cause the Trustee to deposit the Purchase Price into the Local

Account and to apply the Purchase Price and the earnings thereon as set forth in the Related Supplemental Series Indenture, this Agreement and the Local Tax Document.

(b) The Local Government acknowledges and consents to the investment of the Purchase Price and the earnings thereon in Virginia SNAP.

Section 4.2 **<u>Agreement to Accomplish Project</u>**. (a) The Local Government shall cause the Project to be acquired, constructed, expanded, renovated, equipped or financed as described in <u>Exhibit B</u> and in accordance with the Project Budget, this Agreement, the Local Tax Document and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Local Government. The Local Government shall use its best efforts to complete, or cause to be completed, the Project by the date set forth in the certificate delivered under Section 3.4(a)(9). The Local Government shall obtain the approval of all applicable regulatory agencies of all plans, specifications and designs for the Project. The Local Government shall maintain complete and accurate books and records of the Project Costs and permit VRA or the Trustee through their representatives to inspect such books and records at any reasonable time.

(b) Upon completion of the Project, the Local Government shall promptly deliver to VRA and the Trustee a certificate signed by a Local Representative and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Article and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion and (iii) that all certificates of occupancy or other material permits then necessary for the use, occupancy and operation of the Related Financed Property have been issued or obtained. Such certificate shall be accompanied by a copy of the final requisition submitted to the Trustee pursuant to Section 4.3, including Schedule 1 thereto.

(c) If upon completion of the Project and payment of all related costs of issuance, there is a balance remaining in the Local Account, the Trustee, at the written direction of the Local Government, shall apply any remaining balance (i) to pay, or reimburse the Local Government for previously-paid, interest on the Local Bond or (ii) in such other manner that is permitted under the Act and will not, in the opinion of a nationally-recognized bond counsel delivered to VRA and the Trustee, have an adverse effect on the tax status of the Related Series of VRA Bonds.

Section 4.3 **<u>Disbursement of Purchase Price and Earnings</u>**. Except as provided in Section 4.2(c), the Local Government shall apply the amounts in the Local Account solely and exclusively to the payment or reimbursement of the Local Government for the Project Costs. Not more frequently than once per calendar month, the Trustee shall disburse amounts from the Local Account to the Local Government or as directed by the Local Government upon the Trustee's receipt of the following:

(a) A requisition (upon which the Trustee and VRA shall be entitled to rely) signed by a Local Representative and containing all information called for by, and otherwise being in the form of, <u>Exhibit D</u> (including the Schedules thereto).

(b) Receipts, vouchers, statements, bills of sale or other evidence of payment of the related Project Costs.

(c) If any requisition includes an item for payment for labor or to contractors, builders or materialmen:

(1) a certificate, signed by a Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and

(2) a certificate, signed by a Local Representative (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition.

(d) If any requisition includes an item for payment of the cost of acquisition of any lands or easements, or any rights or interests in or relating to lands, there shall also be attached to such requisition:

(1) a certificate, signed by a Consulting Engineer, stating that such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the Project; and

(2) a certificate, signed by a Consulting Engineer (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of, the Project over and through the subject lands.

Following VRA's approval of each such requisition and accompanying invoice(s) and certificate(s), which approval will not unreasonably be withheld, the Trustee shall pay the requisition from the Local Account in accordance with the instructions in such requisition.

The Local Government agrees that any amounts disbursed to it or for its account from the Local Account pursuant to this Section 4.3 will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.

Section 4.4 <u>No Sufficiency Warranty by VRA; Local Government Required to Complete Project</u>. VRA makes no warranty, either express or implied, that the Purchase Price will be sufficient to pay all or any particular portion of the Project Costs. If the Purchase Price is not sufficient to pay in full the cost of the Project, the Local Government shall complete the Project at its own expense and shall not be entitled to any reimbursement therefor from VRA or any abatement, diminution or postponement of its payments under the Local Bond or this Agreement.

ARTICLE V
PLEDGE AND SECURITY

Section 5.1 **Pledge**. The Revenues shall be pledged in accordance with Section 615 of the Local Indenture.

Section 5.2 **Rate Covenant**. (a) The Local Government covenants and agrees that it will fix and collect rates, fees and other charges for use of and for services furnished or to be furnished by its Systems, and will from time to time revised such rates, fees and other charges so as to meet the revenue covenant contained in Section 602 of the Local Indenture.

(b) If, for any reason, the Net Revenues Available for Debt Service are insufficient to satisfy the covenant set forth in subsection (a), the Local Government shall (i) on its demand, pay to VRA a rate maintenance penalty fee in an amount of $5,000, and (ii) within 90 days adjust and increase its rates, fees and other charges or reduce its Operating Expenses so as to provide sufficient Net Revenues Available for Debt Service to satisfy such requirement.

Section 5.3 **Annual Budget of the System**. The Local Government shall furnish to VRA a copy of the Annual Budget (as described in Section 601 in the Local Indenture) and any amendments or supplements thereto promptly upon their preparation.

Section 5.4 **Qualified Independent Consultant's Report**. Intentionally Omitted.

Section 5.5 **Intentionally Omitted.**

ARTICLE VI
PAYMENT AND REDEMPTION OF LOCAL BOND

Section 6.1 **Payment of Local Bond and Related Amounts**. (a) Until the principal of and premium, if any, and interest on the Local Bond and all other amounts payable under this Agreement have been paid in full, the Local Government shall pay or cause to be paid from the Revenues to the Trustee or VRA, as applicable, the following amounts:

(1) to the Trustee, the amounts required by the Local Bond on such dates and in such manner as provided for in the Local Bond – the term "interest," as used in the Local Bond and this Agreement, includes Supplemental Interest, when and if payable;

(2) to the Trustee, or to VRA, no later than 15 days after VRA provides notice to the Local Government, any amounts payable under the Local Tax Document, including without limitation the costs of any rebate calculation agent;

(3) to VRA, on its demand, a late payment penalty in an amount equal to 5.0% of the payment on the Local Bond not paid within 5 days after its due date;

(4) to the Trustee, the Local Government's share (as determined by VRA) of the annual fees and expenses of the Trustee, less the Local Government's share of the net earnings on the Revenue Fund, Infrastructure Revenue Debt Service Fund and Moral Obligation Debt Service Fund established under the Master Indenture (as determined

by VRA), and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them; and

(5) to VRA, to the extent permitted by law, the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VRA in connection with (i) an Event of Default or default by the Local Government under this Agreement (ii) any amendment to or discretionary action that VRA undertakes at the request of the Local Government under this Agreement, any other document related to the Related Series of VRA Bonds or the Local Bond or (iii) any claim, lawsuit or other challenge to the Local Bond, the VRA Bonds or this Agreement that arises, at least in part, out of the Local Government's authorization of its issuance of the Local Bond, and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them.

(b) If any failure of the Local Government to pay all or any portion of any required payment of the principal of or premium, if any, or interest on the Local Bond results in a withdrawal from or a drawing on any VRA Reserve, the interest rates applicable to the Local Bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The Local Government's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the Local Government's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The Local Government's obligation to pay Supplemental Interest shall terminate on the date on which the Local Government makes all payments required but outstanding since the date of the initial failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in the Local Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in the Local Bond, VRA shall deliver to the Local Government a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

(c) The Local Government shall pay the amounts described above and make payments as scheduled under the Local Bond without any credit for any amount being withdrawn from or drawn on a VRA Reserve pursuant to the Master Indenture.

Section 6.2 **<u>Defeasance and Redemption of Local Bond</u>**. (a) The Local Government shall not defease or redeem the Local Bond (in whole or in part), except as provided in this Section 6.2.

(b) The Local Government shall satisfy the following conditions prior to the defeasance and redemption of the Local Bond:

(1) The Local Government shall provide to VRA not less than 60 days' prior written notice of the deposit of the funds described in (2), (3) and (4) below.

(2) The Local Government shall deposit with the Trustee an amount sufficient for VRA to establish an escrow of cash and non-callable, non-prepayable Government Obligations the principal of and interest on which will be sufficient (without reinvestment) to cause the defeasance under Article XII of the Master Indenture of the portion of the Related Portion of VRA Bonds corresponding to the portion of the Local Bond to be defeased or prepaid (the "Allocated Portion"). The defeasance of the Allocated Portion may be either to maturity or an earlier redemption date as determined by the Local Government.

(3) The Local Government shall deposit with VRA cash in an amount sufficient, as determined by VRA, to pay for a verification report required for the defeasance of the Allocated Portion under Article XII of the Master Indenture, any costs incurred by VRA in connection with the redemption, refunding and defeasance of the Allocated Portion, all amounts overdue or then due on the Local Bond (including, without limitation, any Supplemental Interest) and all amounts overdue, due or to become due under Section 6.1(a) of this Agreement.

(4) The Local Government shall deposit with VRA cash in an amount equal to the present value of interest that would be paid on the principal of the Allocated Portion at a rate equal to 0.125%, payable semiannually, to the maturity dates of the Allocated Portion or, if earlier, the redemption date or dates of the Allocated Portion. Present value shall be determined by using a discount rate equal to the true interest cost of the Related Portion of VRA Bonds.

(c) VRA will determine which Related Portion of VRA Bonds will be designated as the Allocated Portion and the amounts to be deposited under subsection (b)(2) and (3) above using such reasonable allocation and estimation methods as may be selected by VRA, and VRA's determinations shall be conclusive (absent manifest error).

(d) The Local Government acknowledges that no funds in any VRA Reserve will be available to the Local Government for the defeasance or redemption of the Local Bond.

Section 6.3 Payments and Rights Assigned. The Local Government hereby consents to VRA's assignment to the Trustee of VRA's rights under this Agreement and the Local Bond. The Local Government also hereby acknowledges and consents to the reservation by VRA of the right and license to enjoy and enforce VRA's rights under the Local Bond and this Agreement so long as no Event of Default (as defined in the Master Indenture) with respect to the Related Series of VRA Bonds has occurred and is continuing. Even though VRA will be the registered owner of the Local Bond, the Local Government shall pay directly to the Trustee all amounts payable by the Local Government under the Local Bond and this Agreement (except for those amounts specifically indicated as payable to VRA under Section 6.1 or Section 11.8, which the Local Government shall pay directly to VRA).

Section 6.4 **Obligations Absolute and Unconditional**. The obligation of the Local Government to make the payments required by the Local Bond and this Agreement from the sources pledged therefor shall be absolute and unconditional. The Local Government shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Local Government may have or assert against VRA, the Trustee or any other person.

ARTICLE VII
OPERATION AND USE COVENANTS

Section 7.1 **Operation and Maintenance**. Intentionally Omitted.

Section 7.2 **Additions and Modifications**. At its own expense the Local Government from time to time may make any renewals, replacements, additions, modifications or improvements to the System that the Local Government deems desirable, provided that any such renewal, replacement, addition, modification or improvement does not (i) materially reduce the value of the System or (ii) negatively affect the structural or operational integrity of any part of the System. The Local Government shall ensure that all such renewals, replacements, additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

Section 7.3 **Permits**. The Local Government shall, at its sole cost and expense, obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the System. The Local Government shall, upon request, promptly furnish to VRA and the Trustee copies of all such permits, consents and approvals.

Section 7.4 **Use**. The Local Government shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational or other changes to the System, irrespective of the cost of making the same.

Section 7.5 **Inspection and Local Government's Books and Records**. The Local Government shall permit VRA, the Trustee and their duly authorized representatives and agents such reasonable rights of access to the System as may be necessary to determine whether the Local Government is in compliance with the requirements of this Agreement, and the Local Government shall permit such parties, at all reasonable times and upon reasonable prior notice to the Local Government, to examine and copy the Local Government's books and records that relate to the System. The Local Government shall provide copies to VRA of all documents filed with the Trustee and the Trustee shall provide copies to VRA of all documents filed with the Local Government.

Section 7.6 **Ownership**. The Local Government shall not construct, reconstruct or install any part of the System on (i) lands other than those which the Local Government owns or can acquire title to or a perpetual easement over, in either case sufficient for the Local Government's purposes or (ii) lands in which the Local Government has acquired a right or interest less than a fee simple or perpetual easement, unless (1) such part of the System is lawfully located in a public street or highway or (2) the Local Government provides a written opinion of counsel or a report of a Qualified Independent Consultant, either of which shall be in a form reasonably acceptable to VRA, that indicates that the lands and the Local Government's right or interest therein is sufficient for the Local Government's purposes.

Section 7.7 **Sale or Encumbrance**. No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except (i) with the written consent of VRA or (ii) as provided Section 807 of the Local Indenture

Section 7.8 **Collection of Revenues**. Intentionally Omitted.

Section 7.9 **No Free Service**. Intentionally Omitted

Section 7.10 **No Competing Service**. Intentionally Omitted

Section 7.11 **Mandatory Connection.** To the extent permitted by law, the Local Government shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System, provided, however, that such rules and regulations may permit the continued use of private water or sewage disposal systems approved by the applicable board of health or health officer by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private water or sewage disposal system shall cease to be approved or shall require major repairs to continue to be approved, at which time such building shall be required to connect to the System.

Section 7.12 **Lawful Charges**. The Local Government shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the System or the Local Government's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Local Government shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the "Mechanics' Charges"). The Local Government, however, after giving VRA 10 days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Local Government may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in VRA's reasonable opinion, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Trustee or an appropriate court a bond in form and amount satisfactory to VRA. Upon request, the Local Government shall furnish to VRA proof of payment of all Governmental Charges and Mechanics' Charges the Local Government is required to pay under this Agreement.

Section 7.13 **Construction Contractors**. Intentionally Omitted.

Section 7.14 **Engineering Services**. Intentionally Omitted.

Section 7.15 **Covenants of Local Indenture**. The Local Government shall comply with all covenants set forth in the Local Indenture as set forth herein.

ARTICLE VIII
INSURANCE

Section 8.1 **Insurance**. The Local Government shall comply with all insurance requirements as set forth in Section 809 of the Local Indenture. The Local Government shall name VRA as an additional insured on the insurance policies set forth under Section 809 of the Local Indenture.

ARTICLE IX
SPECIAL COVENANTS

Section 9.1 **Tax Covenants**. The Local Government shall not directly or indirectly use or permit the use of any of the proceeds of the Local Bond or any other of its funds, in such manner as would, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause interest on any of the Related Series of VRA Bonds to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax. Insofar as the Local Tax Document imposes duties and responsibilities on the Local Government, including the payment of any arbitrage rebate in respect of the Related Series of VRA Bonds, as of the Closing Date they are specifically incorporated by reference into this Agreement. The Local Government also consents to the reasonable calculation of any "rebate amount" to be paid with respect to the Related Portion of VRA Bonds by a rebate calculation service selected by VRA.

Section 9.2 **Maintenance of Existence**. The Local Government shall maintain its existence as a municipal corporation of the Commonwealth of Virginia under Virginia law, and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity without VRA's prior written consent, which consent will not be unreasonably withheld.

Section 9.3 **Financial Records and Statements**. The Local Government shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs in accordance with the Local Indenture.

Section 9.4 **Certification as to No Default and Tax Compliance**. The Local Government shall deliver to VRA, within 180 days after the close of each Fiscal Year, a certification in substantially the form attached as Exhibit G and signed by a Local Representative.

Section 9.5 **Further Assurances**. The Local Government shall, to the fullest extent permitted by law, pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights and collateral, if any, assigned or pledged by this Agreement, or as may be required to carry out the purposes of this Agreement. The Local Government shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledges made under this Agreement and all rights of VRA under this Agreement against all claims and demands of all persons, including without limitation the payment of certain costs of VRA as described in Section 6.1(a)(5).

Section 9.6 **Assignment by Local Government**. The Local Government shall not assign its rights and obligations under the Local Bond or this Agreement, or both, without the prior written consent of VRA.

Section 9.7 **Continuing Disclosure**. (a) For purposes of this Section 9.7, the following terms and phrases have the following meanings:

"Annual Financial Information" with respect to any Fiscal Year for the Local Government means the following:

(i) the financial statements (consisting of at least a balance sheet and a statement of revenues and expenses) of the System, which financial statements must be (A) prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the Local Government after the date of this Agreement from changing such other principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable law) and (B) audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted auditing standards as in effect from time to time (provided that if audited financial statements are not available for filing when required by this Section or the Rule (as defined herein), unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

(ii) operating data of the type set forth in Exhibit E.

"Dissemination Agent" means any person, reasonably acceptable to VRA, whom the Local Government contracts in writing to perform its obligations as provided in subsection (i) of this Section.

"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) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"Make Public" or **"Made Public"** has the meaning set forth in subsection (c) of this Section.

"Material Local Government" means the Local Government if the aggregate outstanding principal amount of the Local Bond and any other of the Local Government's local bonds purchased with proceeds of the VRA Bonds represent 15% or more of the outstanding aggregate principal amount of the local bonds and leases purchased with proceeds of the VRA Bonds.

"Rule" means Rule 15c2-12, as it may be amended from time to time, under the Securities Exchange Act of 1934 and any similar rules of the SEC relating to disclosure requirements in the offering and sale of municipal securities, all as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

(b) The Local Government shall Make Public or cause to be Made Public:

(1) Within seven months after the end of the Local Government's Fiscal Year (commencing with the Fiscal Year in which the Closing Date occurs), Annual Financial Information for such Fiscal Year as of the end of which the Local Government constitutes a Material Local Government. Annual Financial Information may be set forth in the documents Made Public or may be included in a document Made Public by specific reference to any document available to the public on the internet website of the Municipal Securities Rulemaking Board ("MSRB") or filed with the SEC. If the document referred to is a final official statement, then it must be available from the MSRB.

(2) In a timely manner, notice of any failure by the Local Government to Make Public or cause to be Made Public Annual Financial Information pursuant to the terms of part (1) of this subsection.

(c) For purposes of this Section, information and notices shall be deemed to have been "Made Public" if transmitted to VRA, to the Trustee and to the MSRB in an electronic format as prescribed by the MSRB.

(d) The Local Government shall also notify VRA of the occurrence of any of the following events that may from time to time occur with respect to the Local Bond, such notice to be given in a timely manner not in excess of five Business Days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

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

(4) unscheduled draws on any credit enhancement maintained with respect to the Local Bond reflecting financial difficulties;

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

(6) 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 notices or determinations with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds, or other events with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds;

(7) modifications to rights of holders;

(8) bond calls and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Local Bond;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Local Government;

(13) the consummation of a merger, consolidation, or acquisition involving the Local Government or the sale of all or substantially all of the assets of the Local Government, 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 action, other than pursuant to its terms;

(14) appointment of a successor or additional trustee for the Local Bond, if any, or the change of name of a trustee;

(15) the failure of the Local Government on or before the date required by this Agreement to provide Annual Financial Information to the persons and in the manner required by this Agreement;

(16) incurrence of a Financial Obligation of the Local Government, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Local Government, any of which affect security holders, if material; and

(17) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Local Government, any of which reflect financial difficulties.

(e) Additionally, upon request of VRA, the Local Government shall certify in writing that it has made all filings and disclosures required under this Section or any similar undertaking pursuant to the Rule.

(f) Notwithstanding anything in this Agreement to the contrary, the Local Government need not comply with the provisions of subsections (a) through (d) above unless and until VRA has notified the Local Government that it satisfied the objective criteria for a Material Local Government as of the end of VRA's immediately preceding fiscal year.

(g) (1) If the Local Government fails to comply with any covenant or obligation set forth in this Section, any holder (within the meaning of the Rule) of VRA Bonds then Outstanding may, by notice to the Local Government, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of the Local Government's covenants or obligations set forth in this Section.

(2) Notwithstanding anything herein to the contrary, any failure of the Local Government to comply with any disclosure obligation specified in this Agreement (i) shall not be deemed to constitute an Event of Default under this Agreement and (ii) shall not give rise to any right or remedy other than that described in part (1) of this subsection.

(h) The Local Government may from time to time disclose certain information and data in addition to that required under this Section. Notwithstanding anything in this Agreement to the contrary, the Local Government shall not incur any obligation to continue to provide, or to update, such additional information or data.

(i) The Local Government may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligation to cause to be Made Public the information described in this Section and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. It is not necessary for purposes of this Article that the Dissemination Agent have any agency relationship with the Local Government for purposes of state law.

(j) All documents Made Public under this Section shall be accompanied by identifying information as prescribed by the MSRB.

Section 9.8 **Other Indebtedness**. The Local Government shall pay when due all amounts required by any other indebtedness of the Local Government and perform all of its obligations in connection with all other indebtedness of the Local Government.

Section 9.9 **Additional Indebtedness**. (a) The Local Government shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of Revenues, except issued in accordance with Section 304 of the Local Indenture.

(b) The opinion of Bond Counsel required under Section 304(g) of the Local Indenture as a condition to issuing Bonds shall also include, if the interest on the Bonds to be issued is not excludable from gross income for federal income tax purposes, an opinion substantially to the effect that the issuance and intended use of the proceeds of such Bonds will not cause the Local Bond to become a "private activity bond" within the meaning of Section 141 of the Code or have any adverse effect on the excludability of interest on the Related Series of VRA Bonds from gross income for federal income tax purposes

Section 9.10 **Litigation; Material Change**. The Local Government shall promptly notify VRA of (i) the existence and status of any litigation that the City Attorney determines is not reasonably certain to have a favorable outcome and which individually or in the aggregate could have a material adverse effect on the financial condition or operations of the System or the Local Government's ability to perform its payment and other obligations under this Agreement or the Local Bond or (ii) any change in any material fact or circumstance represented or warranted in this Agreement.

ARTICLE X
DEFAULTS AND REMEDIES

Section 10.1 <u>Defaults and Remedies</u>. Upon the occurrence and continuance of an Event of Default under the Local Indenture, VRA and the Trustee will have the respective rights and remedies provided for in the Local Bond, the Local Indenture, and the Master Indenture.

ARTICLE XI
MISCELLANEOUS

Section 11.1 <u>State Aid Intercept</u>. The Local Government acknowledges that VRA is treating the Local Bond as a "local obligation" within the meaning of Section 62.1-199 of the Act, including amendments thereto taking effect as of July 1, 2011, which in the event of a nonpayment thereunder authorizes VRA or the Trustee to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Act. In purchasing the Local Bond, VRA is further relying on Section 62.1-216.1 of the Act, providing that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the Local Government of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the Local Government for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

Section 11.2 <u>Successors and Assigns</u>. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 11.3 <u>Amendments</u>. VRA and the Local Government shall have the right to amend from time to time any of this Agreement's terms and conditions, provided that all amendments shall be in writing and shall be signed by or on behalf of VRA and the Local Government.

Section 11.4 <u>Limitation of Local Government's Liability</u>. Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Local Government's obligations hereunder and under the Local Bond are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Local Government and the Local Government shall not be obligated to pay the principal of or premium, if any, or interest on the Local Bond or other costs incident to them except from the Revenues and other funds pledged for such purpose. In the absence of fraud or intentional misconduct, no present or future director, official, officer, employee or agent of the Local Government shall be liable personally to VRA in respect of this Agreement or the Local Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bond.

Section 11.5 Applicable Law. This Agreement shall be governed by Virginia law.

Section 11.6 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of VRA and the Local Government, as the case may be, only to the extent permitted by law.

Section 11.7 Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Local Government, at the address specified for notices on the signature page; (b) if to VRA, at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director; or (c) if to the Trustee, at Three James Center, 1051 E. Cary Street, Suite 600, Richmond, Virginia 23219, Attention: Corporate Trust Department. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. VRA, the Local Government and the Trustee may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.8 Right to Cure Default. If the Local Government fails to make any payment or to perform any act required by it under the Local Bond or this Agreement, VRA or the Trustee, without prior notice to or demand upon the Local Government and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by VRA or the Trustee and all costs, fees and expenses so incurred shall be payable by the Local Government as an additional obligation under this Agreement, together with interest thereon at the rate of 15% per year until paid. The Local Government's obligation under this Section shall survive the payment of the Local Bond.

Section 11.9 Term of Agreement. This Agreement is effective as of the Effective Date. Except as otherwise specified, the Local Government's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Local Government under this Agreement.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Pages Follow]

WITNESS the following signatures, all duly authorized.

VIRGINIA RESOURCES AUTHORITY

By: ________________________________
Shawn B. Crumlish, Executive Director

CITY OF DANVILLE, VIRGINIA

By: ______________________________________
Ken Larking, City Manager

Address for Notices:

Municipal Building
427 Patton Street
Danville, Virginia 24541
Attention: Director of Finance

The Trustee, by the execution hereof, accepts the duties imposed on it by this Agreement.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: ______________________________

Monique L. Green, Vice President

EXHIBIT A

FORM OF LOCAL BOND

Interest on this bond is not excludable from the gross income of the registered owner hereof for federal income tax purposes.

R-1 **May 24, 2023**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE, VIRGINIA

TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2023

The **City of Danville, Virginia** (the "City"), a municipal corporation of the Commonwealth of Virginia (the "Commonwealth"), for value received, acknowledges itself in debt and promises to pay to Virginia Resources Authority, or its registered assigns or legal representative ("VRA"), solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of **SIX MILLION FOUR HUNDRED EIGHTY THOUSAND DOLLARS ($6,480,000)**. Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each April 1 and October 1, commencing October 1, 2023, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of or interest on this bond is not paid to the registered owner of this bond within five days after its due date, the City shall pay to VRA a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of March 31, 2023 (the "Financing Agreement"), between VRA and the City, so long as this bond is held by or for the account of VRA or its registered assigns or legal representative, interest is payable by (i) check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by U.S. Bank Trust Company, National Association, who has been appointed as trustee, registrar and paying agent (together with any successor thereto, the "Trustee"), or (ii) wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Trustee. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date.

This bond (a) has been authorized by an ordinance adopted by the Council of the City on September 6, 2022, and (b) is issued pursuant to (i) the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, (ii) an ordinance adopted by the Council of the City on September 6, 2022, and a resolution adopted by the Council of the City on March 21, 2023, (iii) the Financing Agreement and (iv) an Agreement of Trust dated as of March 31, 2023, between the City and the Trustee, as supplemented by a First Supplemental Agreement of Trust dated as of March 31, 2023 (collectively, the "Trust Agreement"). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond may be issued under the terms and conditions set forth in the Trust Agreement and the Financing Agreement. Reference is hereby made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holder of this bond and the terms upon which this bond is issued and secured. All capitalized terms used and not defined herein shall have the meanings set forth in the Trust Agreement and the Financing Agreement, as applicable.

Proceeds of this bond will be used to provide funds to (a) finance capital expenditures relating to the City's water and electric systems, including, without limitation, distribution infrastructure improvements for the water system and the electric system, and (b) pay the related costs of issuance of this bond.

This bond is a limited obligation of the City and payable solely from Revenues (except to the extent payable from the proceeds of this bond, income from investments, certain reserves and proceeds of insurance), which Revenues and other moneys have been pledged as described in the Trust Agreement to secure payment hereof. This bond shall not be deemed to constitute a general obligation indebtedness or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the City, shall be obligated to pay the principal of or premium, if any, or interest on this bond or other costs incident thereto except from Revenues and other moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City, is pledged to the payment of the principal of or premium, if any, or interest on this bond or other costs incident thereto.

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from or drawing on any VRA Reserve, the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or the drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The term "interest" as used in this bond shall include Supplemental Interest, when and if payable. The City's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the City's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The City's obligation to pay Supplemental Interest shall terminate on the date on which the City makes all payments required but outstanding since the date of the initial failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

This bond is subject to prepayment to the extent and under the terms set forth in the Trust Agreement and the Financing Agreement. The notice provisions set forth in Section 402 of the Master Trust Agreement shall not apply to this bond.

This bond is issued as a registered bond and may be transferred only in accordance with the provisions with respect thereto as provided in the Trust Agreement and the Financing Agreement.

The registered owner of this bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Trust Agreement or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement. Modifications or alterations of the Trust Agreement, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Trust Agreement.

Upon surrender for transfer or exchange of this bond at the office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the Trust Agreement, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee 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 other rights and powers of the owner of this bond, except that regular installment payments of principal and interest shall be made to the person shown as the owner on the registration books as of the 15th day of the month preceding each payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in connection with the issuance of this bond have happened, exist and have been performed.

This bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Trust Agreement or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City of Danville, Virginia, has caused this bond to be signed by its Mayor and its City Treasurer, its seal to be affixed hereto and attested 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

CERTIFICATE OF AUTHENTICATION

Date Authenticated: May 24, 2023

This bond is the Series 2023 Bond described in the within-mentioned Trust Agreement.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee

By:__________________________________
W. F. Michie, III
Assistant Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto ____

____

____

(please print or typewrite name and address, including 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.

SCHEDULE I

Installment Date (October 1)	Installment Amount	Interest Rate
2024	$190,000	5.125%
2025	200,000	5.125
2026	210,000	5.125
2027	225,000	5.125
2028	235,000	5.125
2029	250,000	5.125
2030	260,000	5.125
2031	275,000	5.125
2032	290,000	5.125
2033	305,000	5.125
2034	320,000	5.125
2035	335,000	5.125
2036	355,000	5.125
2037	375,000	5.125
2038	395,000	5.125
2039	415,000	5.125
2040	435,000	4.125
2041	450,000	4.125
2042	470,000	4.125
2043	490,000	4.125

]

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the financing capital expenditures relating to the Local Government's water and electric systems, including, without limitation, distribution infrastructure improvements for the water system and the electric system, together with related costs of issuance on the Local Bond.

EXHIBIT C

PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS, OR INVESTIGATIONS

None.

EXHIBIT D

FORM OF REQUISITION

Requisition No.

Date: ___________, 20__

U.S. Bank Trust Company, National Association, as Trustee
Attention: Corporate Trust Department
Three James Center
1051 E. Cary Street
Suite 600
Richmond, Virginia 23219

Virginia Resources Authority
1111 East Main Street
Suite 1920
Richmond, Virginia 23219
Attention: Executive Director

This Requisition, including Schedule 1 and Schedule 2 hereto, is submitted in connection with the Local Bond Sale and Financing Agreement dated as of March 31, 2023 (the "Financing Agreement"), between the Virginia Resources Authority and the City of Danville, Virginia (the "Local Government"). Unless otherwise defined in this Requisition, each capitalized term used herein has the meaning given it under Article I of the Financing Agreement. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2023A Acquisition Fund established under the Fifty-Fifth Supplemental Series Indenture.

Payee (including wiring instructions if receiving electronic payment):

Address:

Amount to be paid:

Purpose (in reasonable detail) for which obligations(s) to be paid were incurred:

Attached on Schedule 2 are the wire instructions for this requisition, and also attached hereto is an invoice (or invoices) relating to the items for which payment is requested.

The undersigned certifies that (i) the amounts requested by this Requisition will be applied in accordance with the Local Tax Document and solely and exclusively to the payment, or the reimbursement of the Local Government for its payment, of Project Costs of the construction portion of the Project, (ii) no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under this Requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the Requisition, and (iii) this Requisition contains no items representing payment on account of any retained percentage entitled to be retained at this date.

If this Requisition includes payments for labor or to contractors, builders or materialmen, the attached Certificate of Consulting Engineer (Payments for Labor/Contractors) must be completed. If this Requisition includes payments for any lands or easements, or any rights or interest in or relating to lands, the attached Certificate of the Consulting Engineer (Land Interests) must be completed.

The Local Government has agreed in the Financing Agreement that any amounts it receives pursuant to this Requisition will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.

____
Local Representative

SCHEDULE 1

Form to Accompany Requisition

Requisition # ___________________________
Recipient: City of Danville, Virginia – VRA 2023A
Local Representative: ___________________________
Title: ___________________________
Date: ___________________________

Cost Category	Total Project Cost	Previous Disbursements	Disbursement This Period	Disbursements to Date	Remaining Balance
	$	$	$	$	$
TOTALS	$	$	$	$	$

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

CERTIFICATE OF CONSULTING ENGINEER (PAYMENTS FOR LABOR/CONTRACTORS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the Project.

Date: _________, 20__

____
Consulting Engineer

CERTIFICATE OF CONSULTING ENGINEER (LAND INTERESTS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by the Requisition include payments for land or easements, rights or interests in or relating to lands, (i) such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the Project, and (ii) upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of, the Project over and through the subject lands.

Date: _________, 20__

____
Consulting Engineer

EXHIBIT E

OPERATING DATA

Description of Local Government. A description of the Local Government including a summary description of the System.

Debt. A description of the terms of the Local Government's outstanding debt including a historical summary of outstanding debt and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The annual disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information for the System as of the end of the preceding fiscal year, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

EXHIBIT F

FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT

[Letterhead of the City Attorney of the Local Government]

May 24, 2023

City Council
City of Danville
Danville, Virginia

Virginia Resources Authority
Richmond, Virginia

Hunton Andrews Kurth LLP
Richmond, Virginia

$6,480,000
City of Danville, Virginia
Taxable Utility System Revenue Bond,
Series 2023

Ladies and Gentlemen:

I have acted as counsel to the City of Danville, Virginia (the "City"), in connection with the issuance and sale by the City of its $6,480,000 Taxable Utility System Revenue Bond, Series 2023 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement), and in such capacity, I have examined, among other things, the following documents:

(a) certified copies of the ordinance adopted on September 6, 2022 and bond resolution adopted on March 21, 2023 (together the "Local Authorization"), authorizing the issuance and sale of the Local Bond to Virginia Resources Authority ("VRA") to finance the Project;

(b) a copy of the Local Bond Sale and Financing Agreement (the "Financing Agreement") dated as of March 31, 2023, between the City and VRA;

(c) a copy of the Local Tax Document; and

(d) a copy of the Local Indenture.

The documents referred to in clauses (b) and (d) above are referred to collectively as the "Local Bond Documents."

I have also examined such other records and proceedings of the City and conducted such investigations as I deem appropriate and necessary for purposes of this opinion.

Unless otherwise defined, each capitalized term used in this opinion has the same meaning given to such term in the Financing Agreement.

As to questions of fact material to the opinions and statements set forth herein, I have relied upon representations of the City set forth in the Local Bond Documents and other certificates and representations by persons including representatives of the City. Whenever an opinion or statement set forth herein with respect to the existence or absence of facts is qualified by the phrase "to the best of my knowledge" or a phrase of similar import, it is intended to indicate that during the course of my representation of the City in connection with the Local Bond Documents no information has come to my attention that should give me current actual knowledge of the existence or absence of such facts. Except to the extent expressly set forth herein, I have not undertaken any independent investigation of the existence or absence of such facts, and no inference as to my knowledge or the existence or absence of such facts should be drawn from the fact of my representation or any other matter.

Based upon such examination and assuming the authorization, execution, delivery and enforceability of all documents by parties other than the City, I am of the opinion that:

1. The City is a duly created and validly existing municipal corporation and political subdivision of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

2. The City has full right, power and authority to (a) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (b) undertake the Project and (c) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Bond Documents, including owning and operating the System.

3. The Local Bond Documents were duly authorized by the Local Authorization, and the Financing Agreement is in substantially the same form as presented to the Governing Body at its meeting at which the Local Authorization was adopted.

4. All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date hereof have been obtained for (a) the City's adoption of the Local Authorization, (b) the execution and delivery of the Local Bond Documents and the Local Bond, (c) the City's performance of its obligations under the Local Bond Documents and the Local Bond, and (d) to the best of my knowledge, the operation and use of the System. I know of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals cannot be obtained as required in the future.

5. The Financing Agreement has been executed and delivered by a duly authorized official of the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms. The Local Bond has been executed and delivered by duly authorized officials of the City and will constitute a legal, valid and binding limited obligation of the City enforceable against the City in accordance with its terms.

6. The obligations of the City under the Financing Agreement and the Local Bond, and the enforceability of such obligations, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, (c) the exercise of sovereign police powers of the Commonwealth of Virginia, and (d) rules of law which may limit the enforceability on public policy grounds of any obligations of indemnification undertaken by the City.

7. The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the City of its obligations thereunder are within the powers of the City and will not conflict with, or constitute a breach or result in a violation of, (a) any federal or Virginia constitutional or statutory provision, (b) to the best of my knowledge, any agreement or other instrument to which the City is a party or by which it is bound or (c) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the City or its property.

8. To the best of my knowledge, the City is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. To the best of my knowledge, no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute, an event of default thereunder.

9. To the best of my knowledge, the City (a) is not in violation of any existing law, rule or regulation applicable to it in any way which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond or the Local Bond Documents and (b) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the City is a party or by which it is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond and the Local Bond Documents. The execution and delivery by the City of the Local Bond and the Local Bond Documents and the compliance with the terms and conditions thereof will not conflict with, result in a breach of or constitute a default under any of the foregoing.

10. Except as described in Exhibit C of the Financing Agreement, no litigation has been served upon the City, nor, to the best of my knowledge, are there pending or threatened against the City, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature (a) affecting the creation, organization or existence of the City or the title of its officers to their respective offices, (b) seeking to prohibit, restrain or

enjoin the approval, execution, delivery or performance of the Local Authorization or the Local Bond Documents or the issuance or delivery of the Local Bond, (c) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents or any agreement or instrument relating to any of the foregoing, (d) in which a judgment, order or resolution may have a material adverse effect on the City or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond, or (e) affecting the undertaking of the Project.

My services as counsel to the City has been limited to rendering the foregoing opinion based on my review of such legal proceedings as I deem necessary to make the statements herein contained. I have not examined any documents or other information concerning the business or financial resources of the City and, therefore, express no opinion as to the accuracy or completeness of any information that may be relied upon by VRA. My opinions are limited to the matters expressly stated; no opinion is implied or may be inferred beyond such matters. My opinion is given as of the date hereof, and I assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to my attention, or any changes in law that may hereafter occur.

Cordially,

EXHIBIT G

FORM OF CERTIFICATION AS TO NO DEFAULT AND TAX COMPLIANCE

[DATE]

[Insert Name]
Compliance & Financial Analyst
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Dear [Mr./Ms.] ______:

In accordance with Section 9.4 of the Local Bond Sale and Financing Agreement dated as of March 31, 2023 (the "Financing Agreement") between Virginia Resources Authority and the City of Danville, Virginia (the "Local Government"), I hereby certify that, during the fiscal year that ended June 30, ______, and through the date of this letter:

1. [No event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default as defined in Section 10.1 of the Financing Agreement.] [If an Event of Default has occurred, please specify the nature and period of such Event of Default and what action the Local Government has taken, is taking or proposes to take to rectify it].

2. [The ownership and status of all or a portion of the Related Financed Property has not changed since the Closing Date.] [If untrue, please describe.]

3. [Neither the Related Financed Property nor any portion thereof is being used by a Nongovernmental Person pursuant to a lease, an incentive payment contract or a take-or-pay or other output-type contract.] [If untrue, please describe.]

4. [Neither the Related Financed Property nor any portion or function thereof is being used pursuant to or is otherwise subject to a Service Contract that does not satisfy the requirements of Revenue Procedure 2017-13.] [If untrue, please describe.]

5. [Other than as may be described in paragraphs 2, 3 and 4 above, neither the Related Financed Property nor any portion or function thereof nor any portion of the Proceeds is being used for a Private Business Use.] [If untrue, please describe.]

6. [The Local Government has not used or permitted the use of any Proceeds of the Local Bond directly or indirectly to make a loan to an ultimate borrower other than itself within the meaning of Section 4.3 of the Local Tax Document.] [If untrue, please describe.]

7. [Other than any amounts described in the Local Tax Document (as defined in the Financing Agreement), between VRA and the Local Government and amounts that may constitute or be on deposit in a Bona Fide Debt Service Fund, there neither have been nor are now any monies, securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Local Bond as security for or the direct or indirect source of the payment of the principal of or interest on the Local Bond.] [If untrue, please describe.]

8. [The Local Government is in compliance with the recordkeeping requirements of Section 4.9 of the Local Tax Document.] [If untrue, please describe.]

9. [Other than as may be described above, the Local Government is not in default of any of its obligations under the Local Tax Document.] [If untrue, please describe.]

10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Local Tax Document.

Sincerely,

[Insert Name]
Local Representative

EXHIBIT H

DESCRIPTION OF SPECIAL USE ARRANGEMENTS

None.

EXHIBIT I

FORM OF ANNUAL BUDGET

[DATE]

Compliance and Financial Analyst
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Ladies and Gentlemen:

Pursuant to the Financing Agreement[s] between Virginia Resources Authority and the City of Danville, Virginia, dated as of [add dates of all outstanding Financing Agreements], a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

Revenues	**Operation & Maintenance Expenses**	**Net Revenues Available for Debt Service** (Revenues – O&M Expenses)	**Debt Service**	***Coverage** (Net Revenues Available for Debt Service/Debt Service)

Unless otherwise defined herein, the capitalized terms used in this Certificate shall have the meanings set forth in the Financing Agreement[s].

Very truly yours,

By: ___________________________

Its: __________________________

EXHIBIT J

EXISTING PARITY BONDS

None.

SCHEDULE 1.1

FINAL TERMS

Principal Amount of Related Series of VRA Bonds	$ 27,050,000.00
Total Principal Amount of Related Series of VRA Bonds	$ 27,050,000.00
Principal Amount of Local Bond	$ 6,480,000.00
Purchase Price*	$ 7,179,845.38

* The Purchase Price was determined as follows: by adding to the par amount the portion of the Related Portion of VRA Bonds ($6,480,000.00), the Local Government's share of the net premium on the Related Series of VRA Bonds ($839,953.25) and by subtracting from the par amount of the Related Series of VRA Bonds the Local Government's share of VRA's Expenses set forth in Section 3.2 ($132,150.61) and the Local Government's share of the deposit on the Closing Date to a VRA Reserve ($7,957.26).

ADDITIONAL CONDITIONS PRECEDENT TO PURCHASE OF LOCAL BOND:

None.

ADDITIONAL CONDITIONS PRECEDENT TO FIRST REQUISITION OF PROCEEDS OF LOCAL BOND:

None.

PROJECT BUDGET

City of Danville, Virginia
Sources and Uses of Funds

Sources

Par Amount	$	6,480,000.00
Net Premium (Discount)		839,953.25
Estimated Earnings**		311,377.53
Total Sources	$	7,631,330.78

Uses

Electric System Improvements - Transformer Purchases	$	3,000,000.00
Berry Hill Industrial Park Water Improvements		4,000,000.00
CRF Equity Contribution		7,957.26
Local Costs of Issuance		175,000.00
VRA Costs of Issuance		85,268.25
Underwriter's Discount		46,882.36
Additional Proceeds / Contingency		316,222.91
Total Uses	$	7,631,330.78

***based on draw schedule provided by applicant and the Virginia SNAP 7-Day rate as of May 10, 2023*

INTEREST RATES AND PAYMENT SCHEDULE FOR LOCAL BOND

Debt Service

Virginia Resources Authority - 2023 Spring Pool
City of Danville
Final Numbers

Period Ending	Principal	Coupon (1)	Interest	Total Debt Service	Annual Debt Service
10/1/2023			136,786.25	136,786.25	
4/1/2024			156,825.00	156,825.00	293,611.25
10/1/2024	190,000.00	5.125%	156,825.00	346,825.00	
4/1/2025			151,956.25	151,956.25	498,781.25
10/1/2025	200,000.00	5.125%	151,956.25	351,956.25	
4/1/2026			146,831.25	146,831.25	498,787.50
10/1/2026	210,000.00	5.125%	146,831.25	356,831.25	
4/1/2027			141,450.00	141,450.00	498,281.25
10/1/2027	225,000.00	5.125%	141,450.00	366,450.00	
4/1/2028			135,684.38	135,684.38	502,134.38
10/1/2028	235,000.00	5.125%	135,684.38	370,684.38	
4/1/2029			129,662.50	129,662.50	500,346.88
10/1/2029	250,000.00	5.125%	129,662.50	379,662.50	
4/1/2030			123,256.25	123,256.25	502,918.75
10/1/2030	260,000.00	5.125%	123,256.25	383,256.25	
4/1/2031			116,593.75	116,593.75	499,850.00
10/1/2031	275,000.00	5.125%	116,593.75	391,593.75	
4/1/2032			109,546.88	109,546.88	501,140.63
10/1/2032	290,000.00	5.125%	109,546.88	399,546.88	
4/1/2033			102,115.63	102,115.63	501,662.51
10/1/2033	305,000.00	5.125%	102,115.63	407,115.63	
4/1/2034			94,300.00	94,300.00	501,415.63
10/1/2034	320,000.00	5.125%	94,300.00	414,300.00	
4/1/2035			86,100.00	86,100.00	500,400.00
10/1/2035	335,000.00	5.125%	86,100.00	421,100.00	
4/1/2036			77,515.63	77,515.63	498,615.63
10/1/2036	355,000.00	5.125%	77,515.63	432,515.63	
4/1/2037			68,418.75	68,418.75	500,934.38
10/1/2037	375,000.00	5.125%	68,418.75	443,418.75	
4/1/2038			58,809.38	58,809.38	502,228.13
10/1/2038	395,000.00	5.125%	58,809.38	453,809.38	
4/1/2039			48,687.50	48,687.50	502,496.88
10/1/2039	415,000.00	5.125%	48,687.50	463,687.50	
4/1/2040			38,053.13	38,053.13	501,740.63
10/1/2040	435,000.00	4.125%	38,053.13	473,053.13	
4/1/2041			29,081.25	29,081.25	502,134.38
10/1/2041	450,000.00	4.125%	29,081.25	479,081.25	
4/1/2042			19,800.00	19,800.00	498,881.25
10/1/2042	470,000.00	4.125%	19,800.00	489,800.00	
4/1/2043			10,106.25	10,106.25	499,906.25
10/1/2043	490,000.00	4.125%	10,106.25	500,106.25	
4/1/2044					500,106.25
	6,480,000.00		3,826,373.81	10,306,373.81	10,306,373.81

(1) Includes Annual Administrative Charge.

DRAFT
Hunton Andrews Kurth
February 27, 2024

SECOND SUPPLEMENTAL AGREEMENT OF TRUST

between

CITY OF DANVILLE, VIRGINIA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of March 22, 2024

TABLE OF CONTENTS

ARTICLE I
SECOND SUPPLEMENTAL AGREEMENT

ARTICLE II
AUTHORIZATION, DETAILS AND FORM OF SERIES 2024 BOND

ARTICLE III
PREPAYMENT OF SERIES 2024 BOND

ARTICLE IV
APPLICATION OF PROCEEDS OF SERIES 2024 BOND

ARTICLE V
SECURITY FOR SERIES 2024 BOND

ARTICLE VI
MISCELLANEOUS

THIS SECOND SUPPLEMENTAL AGREEMENT OF TRUST dated as of March 22, 2024 (the "Second Supplemental Agreement"), by and between the **CITY OF DANVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "City"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking corporation, as trustee (in such capacity, together with any successor in such capacity, herein called the "Trustee"), provides:

WHEREAS, the City and the Trustee have entered into an Agreement of Trust dated as of March 31, 2023 (as previously supplemented, the "Master Trust Agreement"), to provide for financing or refinancing improvements and extensions to the Systems (as defined in the Master Trust Agreement) by the issuance of bonds payable solely from Revenues (as defined in the Master Trust Agreement);

WHEREAS, the City has previously issued its $6,480,000 Taxable Utility System Revenue Bond, Series 2023 (the "Series 2023 Bond"), pursuant to the Master Trust Agreement;

WHEREAS, the City is not in default under the Master Trust Agreement or in the payment of the principal of or interest on the Series 2023 Bond;

WHEREAS, pursuant to and in accordance with the Master Trust Agreement, the City has determined to issue, on parity with the Series 2023 Bond, its Taxable Utility System Revenue Bond, Series 2024, in the principal amount of $_______ (the "Series 2024 Bond"), to (1) finance capital expenditures relating to the City's water and electric systems, including, without limitation, (a) distribution and treatment infrastructure improvements for the water system, (b) substations and distribution infrastructure improvements for the electric system, and (c) other capital expenditures relating to the City's water, sewer, gas and/or electric systems (collectively, the "Series 2024 Project"), and (2) pay related costs of issuance of the Series 2024 Bond;

WHEREAS, the City has entered into a Local Bond Sale and Financing Agreement dated as of March 22, 2024 (the "2024 Financing Agreement"), with the Virginia Resources Authority ("VRA") for the sale of the Series 2024 Bond to, and the purchase of the same by, VRA; and

WHEREAS, the City has taken all necessary action to make the Series 2024 Bond, when authenticated by the Trustee and issued by the City, a valid and binding limited obligation of the City and to constitute this Second Supplemental Agreement a valid and binding agreement authorizing and providing for the details of the Series 2024 Bond;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree, as follows:

ARTICLE I

SECOND SUPPLEMENTAL AGREEMENT

Section 2.101 Authorization of Second Supplemental Agreement. This Second Supplemental Agreement is authorized and executed by the City and delivered to the Trustee pursuant to and in accordance with Articles III and XII of the Master Trust Agreement. All terms, covenants, conditions and agreements of the Master Trust Agreement shall apply with full force and effect to the Series 2024 Bond and to the holder thereof, except as otherwise provided in this Second Supplemental Agreement.

Section 2.102 Definitions. Except as otherwise defined in this Second Supplemental Agreement, terms defined in the Master Trust Agreement are used in this Second Supplemental Agreement with the same meanings assigned to them in the Master Trust Agreement. In addition, the following words as used in this Second Supplemental Agreement shall have the following meanings unless a different meaning clearly appears from the context:

"Local Account" shall have the meaning assigned to such term in the 2024 Financing Agreement.

"Registrar" shall mean the Trustee or its successors serving as such hereunder.

"Second Supplemental Agreement" shall mean this Second Supplemental Agreement of Trust between the City and the Trustee, which supplements the Master Trust Agreement.

"Series 2024 Bonds" shall mean the City's $______ Taxable Utility System Revenue Bond, Series 2024, authorized to be issued pursuant to this Second Supplemental Agreement.

"Series 2024 Project" shall have the meaning set forth in the recitals hereto.

"VRA" shall have the meaning set forth in the recitals hereto.

"VRA Trustee" has the meaning given the term "Trustee" in the 2024 Financing Agreement.

"2024 Financing Agreement" shall have the meaning set forth in the recitals hereto.

Section 2.103 Reference to Articles and Sections. Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Second Supplemental Agreement.

ARTICLE II

AUTHORIZATION, DETAILS AND FORM OF SERIES 2024 BOND

Section 2.201 Authorization of Series 2024 Bond. There is hereby authorized to be issued a utility system revenue bond of the City in the principal amount of $_______, which shall be designated "Taxable Utility System Revenue Bond, Series 2024," to provide funds to finance all or a portion of the Cost of the Series 2024 Project and the related costs of issuance.

Section 2.202 Details of Series 2024 Bond. The Series 2024 Bond shall be dated April 15, 2024, shall be issued as a single, registered bond and shall be in the principal amount of $______. The Series 2024 Bond shall bear interest at rates per year calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on April 1 and October 1, beginning October 1, 2024, and shall mature in principal installments on October 1 in years and amounts and bearing interests at such rates as follows:

Installment Date (October 1)	Installment Amount	Interest Rate
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

Section 2.203 Payment Provisions of Series 2024 Bond; Appointment of Registrar.

(a) The Series 2024 Bond shall be payable solely from Revenues, and nothing in the 2024 Financing Agreement, the Series 2024 Bond or this Second Supplemental Agreement shall be deemed to create or constitute a general obligation indebtedness or pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any political subdivision thereof, including the City. All payments due on the Series 2024 Bond shall be payable as provided in the 2024 Financing Agreement in lawful money of the United States of America. As set forth in the 2024 Financing Agreement and, to the extent applicable, the City shall pay "Supplemental Interest" and other charges or amounts payable by the City. Notwithstanding the presentment provisions of Section 209(a) of the Master Trust Agreement to the contrary, payments shall be made, at the option of the registered owner, (i) by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose by the Trustee, as Registrar, on the 15th day of the month preceding the payment date or (ii) by wire transfer pursuant to the most recent wire instructions received by the Trustee, as Registrar, from such registered owner, except that the final payment is payable upon presentation and surrender of the Series 2024 Bond at the office of the Trustee. The City intends that amounts constituting interest on the Series 2024 Bond will be included in the gross income of the holder thereof for federal income tax purposes.

(b) The Trustee is hereby appointed Registrar for the Series 2024 Bond. Except as otherwise provided herein, the Series 2024 Bond shall be payable, executed, authenticated, registrable, exchangeable and secured, all as set forth in the Master Trust Agreement.

Section 2.204 Form of Series 2024 Bond. The Series 2024 Bond shall be in substantially the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Master Trust Agreement and this Second Supplemental Agreement. The terms and provisions of the Series 2024 Bond that are set forth in Exhibit A shall be deemed to be incorporated into this Second Supplemental Agreement as though fully set forth herein.

Section 2.205 Delivery of Series 2024 Bond. The Trustee shall authenticate and deliver the Series 2024 Bond when there shall have been delivered to the Trustee a Request for Authentication stating that there have been filed with or delivered to the Trustee all items required by Section 304 of the Master Trust Agreement.

ARTICLE III

PREPAYMENT OF SERIES 2024 BOND

Section 2.301 Prepayment of Series 2024 Bond. The Series 2024 Bond shall be subject to prepayment prior to maturity in accordance with the provisions set forth in Section 6.2 of the 2024 Financing Agreement. The notice provisions set forth in Section 402 of the Master Trust Agreement shall not apply to the Series 2024 Bond.

ARTICLE IV

APPLICATION OF PROCEEDS OF SERIES 2024 BOND

Section 2.401 Application of Proceeds of Series 2024 Bond. The net proceeds of the Series 2024 Bond ($________) shall be held in the Local Account to be disbursed in accordance with Section 4.3 of the 2024 Financing Agreement, without regard to the provisions of Article V of the Master Trust Agreement, to be used to pay all or a portion of the Cost of the Series 2024 Project (including the related costs of issuance of the Series 2024 Bond). The Trustee hereunder shall be provided copies of any monthly reports and other statements provided to the City by VRA or the VRA Trustee with respect to the disbursements made from the Local Account. Any balance remaining in the Local Account upon completion of the Series 2024 Project shall be transferred in accordance with the provisions of the 2024 Financing Agreement and in a manner consistent with the provisions of Section 505 of the Master Trust Agreement. No proceeds of the Series 2024 Bond shall be deposited to the Construction Fund established under the Master Trust Agreement, and no special account shall be created within such Fund with respect to the Series 2024 Bond.

ARTICLE V

SECURITY FOR SERIES 2024 BOND

Section 2.501 Security for Series 2024 Bond.

(a) The Series 2024 Bond shall be issued pursuant to the Master Trust Agreement and this Second Supplemental Agreement and shall be equally and ratably secured under the Master Trust Agreement with the Series 2023 Bond and any additional Bonds or other Senior Debt issued pursuant to Article III of the Master Trust Agreement, without preference, priority or distinction of any Bonds over any other Bonds, as provided in the Master Trust Agreement.

(b) The Debt Service Reserve Fund shall not secure the Series 2024 Bond, and no debt service reserve fund or account has been established or funded in connection with the issuance of the Series 2024 Bond.

ARTICLE VI

MISCELLANEOUS

Section 2.601 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Second Supplemental Agreement or the Series 2024 Bond is intended or shall be construed to give to any person other than the parties hereto and the holder of Series 2024 Bond any legal or equitable right, remedy or claim under or in respect to this Second Supplemental Agreement or any covenants, conditions and agreements herein contained since this Second Supplemental Agreement and all of the covenants, conditions and agreements hereof are intended to be and are for the sole and exclusive benefit of the parties hereto and the holder of Series 2024 Bond as herein provided.

Section 2.602 Incorporation by Reference of 2024 Financing Agreement. For so long as the Series 2024 Bond shall be deemed Outstanding, the provisions and covenants of the 2024 Financing Agreement shall be incorporated by reference in this Second Supplemental Agreement and shall be treated as if set forth herein.

Section 2.603 Requirements Particular to VRA. For so long as the Series 2024 Bond shall be deemed Outstanding, (a) any notices required under the terms of the Master Trust Agreement or this Second Supplemental Agreement to be provided by the City to the Trustee shall also be provided to VRA as holder of the Series 2024 Bond and (b) VRA shall be listed, in addition to the Trustee, as an additional insured on any insurance policies maintained by the City pursuant to the requirements of Section 809 of the Master Trust Agreement.

Section 2.604 Severability. If any provision of this Second Supplemental Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this Second Supplemental Agreement shall be construed and enforced as if such illegal provision had not been contained herein.

Section 2.605 Successors and Assigns. This Second Supplemental Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 2.606 Applicable Law. This Second Supplemental Agreement shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 2.607 Counterparts. This Second Supplemental Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 2.608 U.S.A. Patriot Act and Freedom Act Requirements of the Trustee. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee may request documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the City and the Trustee have caused this Second Supplemental Agreement to be executed in their respective corporate names as of the date first above written.

CITY OF DANVILLE, VIRGINIA

By:________________________________
Kenneth F. Larking
City Manager

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By:________________________________
W. F. Michie, III
Assistant Vice President

[Signature Page to Second Supplemental Agreement of Trust]

EXHIBIT A

FORM OF SERIES 2024 BOND

Interest on this bond is not excludable from the gross income of the registered owner hereof for federal income tax purposes.

R-1 **April 15, 2024**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF DANVILLE, VIRGINIA

TAXABLE UTILITY SYSTEM REVENUE BOND, SERIES 2024

The **City of Danville, Virginia** (the "City"), a municipal corporation of the Commonwealth of Virginia (the "Commonwealth"), for value received, acknowledges itself in debt and promises to pay to Virginia Resources Authority, or its registered assigns or legal representative ("VRA"), solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of ___________ DOLLARS ($______). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each April 1 and October 1, commencing October 1, 2024, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of or interest on this bond is not paid to the registered owner of this bond within five (5) days after its due date, the City shall pay to VRA a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of March 22, 2024 (the "Financing Agreement"), between VRA and the City, for so long as this bond is held by or for the account of VRA or its registered assigns or legal representative, interest is payable by (i) check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by U.S. Bank Trust Company, National Association, who has been appointed as trustee, registrar and paying agent (together with any successor thereto, the "Trustee"), or (ii) wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Trustee. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date.

This bond (a) has been authorized by ordinances adopted by the Council of the City on September 6, 2022, and March 19, 2024, and (b) is issued pursuant to (i) the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, (ii) a resolution adopted by the Council of the City on March 19, 2024, (iii) the Financing Agreement and (iv) an Agreement of Trust dated as of March 31, 2023, between the City and the Trustee, as previously supplemented and as further supplemented by a Second Supplemental Agreement of Trust dated as of March 22, 2024 (collectively, the "Trust Agreement"). This bond is secured equally and ratably on a parity with the City's outstanding Taxable Utility System Revenue Bond, Series 2023 (the "Series 2023 Bond"). Additional bonds secured by a pledge of Revenues (as defined in the Trust Agreement) on a parity with this bond and the Series 2023 Bond may be issued under the terms and conditions set forth in the Trust Agreement and the Financing Agreement. Reference is hereby made to the Trust Agreement for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holder of this bond and the terms upon which this bond is issued and secured. All capitalized terms used and not defined herein shall have the meanings set forth in the Trust Agreement and the Financing Agreement, as applicable.

Proceeds of this bond will be used to provide funds to (a) finance capital expenditures relating to the City's water and electric systems, including, without limitation, (1) distribution and treatment infrastructure improvements for the water system, (2) substations and distribution infrastructure improvements for the electric system, and (3) other capital expenditures relating to the City's water, sewer, gas and/or electric systems, and (b) pay related costs of issuance of this bond.

This bond is a limited obligation of the City and payable solely from Revenues (except to the extent payable from the proceeds of this bond, income from investments, certain reserves and proceeds of insurance), which Revenues and other moneys have been pledged as described in the Trust Agreement to secure payment hereof. This bond shall not be deemed to constitute a general obligation indebtedness or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the City, shall be obligated to pay the principal of or premium, if any, or interest on this bond or other costs incident thereto except from Revenues and other moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City, is pledged to the payment of the principal of or premium, if any, or interest on this bond or other costs incident thereto.

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from or drawing on any VRA Reserve, the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or the drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The term "interest" as used in this bond shall include Supplemental Interest, when and if payable. The City's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the City's failure to pay a required payment or portion thereof as described above (the “Supplemental Interest Commencement Date”). The City’s obligation to pay Supplemental Interest shall terminate on the date on which the City makes all payments required but outstanding since the date of the initial failure to pay (the “Supplemental Interest Termination Date”). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

This bond is subject to prepayment to the extent and under the terms set forth in the Trust Agreement and the Financing Agreement. The notice provisions set forth in Section 402 of the Master Trust Agreement shall not apply to this bond.

This bond is issued as a registered bond and may be transferred only in accordance with the provisions with respect thereto as provided in the Trust Agreement and the Financing Agreement.

The registered owner of this bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Trust Agreement or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement. Modifications or alterations of the Trust Agreement, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Trust Agreement.

Upon surrender for transfer or exchange of this bond at the office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the Trust Agreement, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee 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 other rights and powers of the owner of this bond, except that regular installment payments of principal and interest shall be made to the person shown as the owner on the registration books as of the 15th day of the month preceding each payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in connection with the issuance of this bond have happened, exist and have been performed.

This bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Trust Agreement or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City of Danville, Virginia, has caused this bond 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

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _______________

This bond is the Series 2024 Bond described in the within-mentioned Trust Agreement.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee

By________________________________
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

____

____

____
(please print or typewrite name and address, including 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.

SCHEDULE I

Installment Date (October 1)	Installment Amount	Interest Rate
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

Council Letter
City of Danville, Virginia

CL - 1211 **NEW BUSINESS C.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Authorizing and Approving an Ordinance Allowing the City of Danville to Participate in the Virginia Municipal Investment Trust.

From: Michael Adkins, Chief Financial Officer

COUNCIL ACTION

An Ordinance to Authorize the City of Danville, Virginia to Establish a Trust for the Purpose of Investing in Accordance with Section 2.2-4501 *et seq.* and 15.2-1300 of the Virginia Code.

SUMMARY

There will soon be a new investment option for Virginia municipalities that will operate much like the Virginia Local Government Investment Pool (LGIP), but with additional options, allowing for a more customized investment strategy. The rate of return is expected to be slightly better than the LGIP while still offering all the same protection and risk assurance. In order for a municipality to participate, the governing body must adopt an ordinance allowing this participation.

BACKGROUND

A new trust is being formed in the Commonwealth for Virginia municipalities to join and use as an investment option for idle funds. Under the name of Virginia MINT (Virginia Municipal Investment Trust), this trust will ensure investments are made in accordance with the Virginia State Code and the standards of an S&P/Fitch credit rating of AAA. The Trust will be governed by an independent five-member board consisting of financial leaders from five of the participating localities. Michael Adkins, Danville's Chief Financial Officer, has been invited to sit on this board, providing the opportunity to directly ensure investments are managed solely in the interest of the participating municipalities. Virginia-based bank, Atlantic Union, will likely serve as the investment advisor, offering expertise and experience from staff who also once managed the LGIP investments. As with LGIP, participation in the Virginia Mint does not require any long-term or contractual agreements and investments are made at the sole discretion of the locality. This will simply give the City of Danville another option to consider when funds are available for overnight, short-term, and long-term investing.

RECOMMENDATION

Staff recommends adoption of the accompanying ordinance that will allow the City to be a participating locality in the Virginia Municipal Investment Trust.

Attachments

1. Ordinance
2. Trust Agreement and Trust Joinder Agreement

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2024 -____.____

AN ORDINANCE TO AUTHORIZE THE CITY OF DANVILLE, VIRGINIA TO ESTABLISH A TRUST FOR THE PURPOSE OF INVESTING IN ACCORDANCE WITH SECTION 2.2-4501 *et seq.* AND 15.2-1300 OF THE VIRGINIA CODE.

WHEREAS, Va. Code § 15.2-1500 provides, in part, that every locality shall provide for all the governmental functions of the locality, including without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

WHEREAS, the Investment of Public Funds Act (Va. Code §§ 2.2-4500 through 2.2-4519) lists the eligible categories of securities and investments in which municipal corporations, other political subdivisions and other public bodies are authorized to invest funds belonging to them or within their control; and

WHEREAS, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision having a similar power, privilege or authority pursuant to agreements with one another for joint action in accordance with the provisions of that Code section; and

WHEREAS, it appearing to the Council of the City of Danville, Virginia, that it is in the best interests of the City of Danville, Virginia to become a Participating Political Subdivision in the Trust Fund; and

WHEREAS, the Chief Financial Officer of the City of Danville, Virginia has the authority and responsibility to determine the manner in which public funds other than sinking funds under his/her control will be invested.

NOW THEREFORE, THE COUNCIL OF THE CITY OF DANVILLE, VIRGINIA HEREBY ORDAINS:

That, pursuant to Sections 2.2-4501 *et seq.* and 15.2-1300 of the Virginia Code, the Council of the City of Danville, Virginia hereby establishes a trust for the purpose of investing funds, other than sinking funds, determined to derive the most benefit from this investment strategy, in investments authorized under the Investment of Public Funds Act, jointly with other participating political subdivisions and public bodies in the Trust Fund. A copy of the Virginia Municipal Investment Trust Agreement (the “Trust Fund Agreement”) is attached and incorporated in this ordinance as Exhibit A.

That the City of Danville, Virginia agrees to become a “Participating Political Subdivision” in the Trust Fund, as further defined in the Agreement.

That the Council of the City of Danville, Virginia does hereby designate the Chief Financial Officer of the City of Danville, Virginia to serve as the trustee of the City of Danville, Virginia with respect to the Trust Fund, and to determine what funds under his/her control shall be invested in the Trust Fund.

That the Council of the City of Danville, Virginia hereby authorizes the Chief Financial Officer to execute and deliver the Trust Joinder Agreement for Participating Political Subdivisions under the Virginia Municipal Investment Trust (“Trust Joinder Agreement”), a copy of which is attached and incorporated in this ordinance as Exhibit B.

This ordinance shall become effective upon its adoption.

Approved:

____
Mayor

Attest:

____
City Clerk

Approved As To
Form and Legal Sufficiency

____
City Attorney

Exhibits: Trust Fund Agreement ("Exhibit A")
Trust Joinder Agreement ("Exhibit B")

VIRGINIA MUNICIPAL INVESTMENT TRUST
<u>TRUST FUND AGREEMENT</u>

THIS AGREEMENT (the "Agreement") is made by and among the Participating Political Subdivisions that are signatories hereto; the Participating Political Subdivisions that execute Trust Joinder Agreements, in a form substantially similar to the document attached as Exhibit A hereto, for the purpose of participating in the Virginia Municipal Investment Trust ("VA MINT," or the "Trust"); their duly elected Treasurers or other Chief Investment Officers, as appropriate, who are empowered by law to invest the public funds of such Participating Political Subdivisions; and those individuals named as Trustees pursuant to Section 107 hereof and their successors (the "Board of Trustees," or the "Board").

WITNESSETH:

WHEREAS, Section 15.2-1500 of the Virginia Code provides, in part, that every locality shall provide for all the governmental functions of the locality, including, without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

WHEREAS, Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et *seq*.). of the Virginia Code provides that all municipal corporations and other political subdivisions may invest any and all moneys belonging to them or within their control, other than sinking funds, in certain authorized investments; and

WHEREAS, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision of the Commonwealth having a similar power, privilege or authority pursuant to agreements with one another for joint action pursuant to the provisions of that section; and

WHEREAS, the [ ] of [ ] and the [ ] of [ ] (the "Initial Participants") have adopted ordinances or resolutions, or otherwise taken steps required by law or rule, to authorize and approve participation in the Virginia Municipal Investment Trust Fund for each such locality; and

WHEREAS, the Participating Political Subdivisions and their Treasurers or Chief Investment Officers and the Board of Trustees of the Virginia Municipal Investment Trust Fund (herein referred to as the "Trust Fund") hereby establish a trust for the purpose of investing monies belonging to or within the control of the Participating Political Subdivisions, respectively, other than sinking funds, in investments authorized under Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et. *seq*.); and

WHEREAS, the parties intend that the Trust Fund hereby established shall constitute a tax-exempt governmental trust under Section 115 of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, The Participating Political Subdivisions, together with their Treasurers or Chief Investment Officers, hereby establish with the Board of Trustees, and the Board of Trustees hereby accepts, under the terms of this Agreement, a trust for the purpose of investing moneys belonging to or within the control of the respective Participating Political Subdivisions as allowed by law; and, further, the parties hereto mutually agree as follows:

ARTICLE I
GENERAL PROVISIONS

Section 100. APPLICATION.

The provisions of this Article I are general administrative provisions applicable to each Part of this Agreement and provisions applicable to the Board of Trustees.

Section 101. NAME

The name of the trust created by this Agreement shall be the "Virginia Municipal Investment Trust" and the Board and/or any other authorized individual or entity shall conduct and carry on the activities of the Trust established hereunder, execute all documents, and sue or be sued, under that name. The Board may use such other formal or informal designations, including "VA MINT," in connection with the business of the Trust, and may adopt such other names for the Trust as the Board deems proper, and the Trust may hold property and conduct its activities under such adopted designations or names. The Board shall take such action as they, acting with the advice of counsel, shall deem necessary or appropriate to file or register such names in accordance with the laws of the Commonwealth of Virginia or the United States of America so as to protect and reserve the right of the Trust in and to such names.

Section 102. DEFINITIONS.

The following definitions shall apply to this Agreement, unless the context of the term indicates otherwise, and shall govern the interpretation of this Agreement:

102.1 Administrator. The term "Administrator" shall mean [ ] or any successor duly designated by the Board of Trustees pursuant to the terms hereof to administer VA MINT.

102.2 Beneficial Interest. The right of a party to some distribution or benefit from VA MINT; a vested interest in VA MINT's assets.

102.3 Business Day. Means a day on which banks are not required or authorized by law to close in the State and on which the Investment Manager or Custodian is not closed.

102.4 Code. The term "Code" means the Internal Revenue Code of 1986, as amended, and, as relevant in context, the Internal Revenue Code of 1954, as amended.

102.5 Custodian. The term "Custodian" means [ ], or any other bank, mutual fund, insurance company or other qualified entity selected by the Board of Trustees, under a separate written document with each, to accept contributions from Participating Political Subdivisions and to otherwise hold some or all of the assets of US MINT.

102.6 Effective Date. The term "Effective Date" means the date coinciding with the last to occur of each of the following events: (i) passage of an ordinance by either or both of the Initial Members approving such governmental entity or entities as Participating Political Subdivisions in VA MINT; (ii) execution by the authorized officer of each such governmental entity of the Trust Joinder Agreement; and (iii) execution of this Agreement by all members of the initial Board of Trustees and the Administrator.

102.7 Participating Political Subdivision. The term "Participating Political Subdivision" means any county, city, town, or other political subdivision within the State whose governing body has passed an ordinance or resolution to participate in VA MINT, or is otherwise entitled to participate in accordance with State law, and whose Treasurer or Chief Investment Officer, serving as trustee for such Participating Political Subdivision, executes a Trust Joinder Agreement, as provided in Section 301 hereof.

102.8 Treasurer. The term "Treasurer" means an officer described in Article VII, Section 4, of the Constitution of Virginia who shall serve as the trustee and representative of its Participating Political Subdivision for purposes of this Agreement. Nothing in this Agreement shall be construed to limit the discretion of a duly elected Treasurer to invest the public funds of his or her political subdivision in any manner otherwise permitted by law, nor shall the decision of any local governing body to become a Participating Political Subdivision under this agreement compel any duly elected Treasurer having responsibility for such investments of public funds to invest any the locality's funds in VA MINT created under this Agreement.

102.9 Chief Investment Officer. The term "Chief Investment Officer" means an officer designated by the governing body of a Participating Political Subdivision to invest public funds on behalf of the political subdivision and to serve as the trustee of such Participating Political Subdivision with respect to VA MINT. The term "Chief Investment Officer" may include certain individuals holding the title of "treasurer" for the political subdivision but who are not included in the definition in Subsection 102.8. Each Treasurer or Chief Investment Officer, as the case may be, shall be the trustee and representative of his or her Participating Political Subdivision for purposes of this Agreement and shall serve on the Board of Trustees established hereby.

102.10 Fiscal Year. The first fiscal year of VA MINT shall be a short fiscal year beginning on the Effective Date of this Agreement and ending on June 30, 2024. Each subsequent fiscal year of VA MINT shall begin on the first day of July and end on the thirtieth day of June.

102.11 Investment Manager or AUMA. The term "Investment Manager" or "AUMA" shall mean Atlantic Union Municipal Advisors, Inc., a Virginia Corporation, and/or any person or persons appointed, employed, or contracted with by the Administrator on behalf of the Trust pursuant to Section 202.3 hereof.

102.12 Investment Policy. The term "Investment Policy" means the Virginia Municipal Investment Trust Investment Policy, as established by the Board of Trustees, as may be amended from time to time.

102.13 Prudent Person. A person who conducts himself faithfully, with intelligence, and exercising sound discretion in the management of his affairs, not in regard to speculation, but in regard to the permanent disposition of his funds, considering the probable income, as well as the probable safety of capital to be invested.

102.14 State. The term "State" means the Commonwealth of Virginia.

102.15 Supermajority. When used with reference to a vote hereunder, the term "Supermajority" shall mean the vote of not less than 75% of those entitled to vote.

102.16 Trust Fund, Trust, or VA MINT. The terms "Trust Fund," "Trust," or "VA MINT" shall mean the Virginia Municipal Investment Trust, comprising of all of the assets set aside hereunder.

102.17 Trust Joinder Agreement. The term "Trust Joinder Agreement" means the agreement, in the form attached hereto as Exhibit A or any form substantially similar, pursuant to which a Participating Political Subdivision participates in VA MINT once executed by a duly authorized officer of such Participating Political Subdivision and, in connection with which, the Treasurer or Chief Investment Officer, as the case may be, serves as the trustee of such Participating Political Subdivision, and thereby agrees to be bound by the terms and conditions of the Virginia Municipal Investment Trust Fund Agreement, as provided in Article III hereof.

102.18 Trustees. The term "Trustees" means the individuals who serve on the Board of Trustees of VA MINT pursuant to Section 107 hereof and their successors.

102.19 Virginia Code. The term "Virginia Code" means the laws embraced in the titles, chapters, articles and sections designated and cited as the "Code of Virginia," under the laws of the State.

102.20 Enhanced Cash Pool. The name of one of the portfolios of VA MINT, into which assets of VA MINT are invested for purposes of providing VA MINT participants with safety of principal, liquidity and return by taking moderate interest rate and liquidity risk by investing in a diversified portfolio of high-quality securities. While not guaranteed, the Enhanced Cash Pool intends to maintain a Net Asset Value of $1.00 per share.

102.21 Flex-Term Pool. The name of one of the portfolios of VA MINT, into which assets of VA MINT are invested for purposes of providing a series of investment options subject to pre-set redemption periods ranging from 60 days to one year from the time of investment, to meet the cash management needs of the Participating Political Subdivisions. The Virginia MINT Flex Term Pool will seek to provide highest investment return consistent with maintaining principal at maturity and meeting such pre-set redemption schedule.

Section 103. GENERAL DUTIES AND MEETINGS OF THE BOARD OF TRUSTEES.

103.1 General Duties. The Board of Trustees and each Investment Manager appointed pursuant to this Agreement shall discharge their respective duties under this Agreement solely as follows: (i) except as otherwise provided by any applicable provision of any statute, regulation, ordinance, or resolution, for the exclusive purpose of fulfilling the investment objectives of the Participating Political Subdivisions and defraying the reasonable expenses of administering VA MINT; (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; and (iii) by diversifying the investments of VA MINT so as to minimize the risk of large losses unless under the circumstances, it is clearly prudent not to do so. However, the duties and obligations of the Board of Trustees and each Investment Manager, respectively, as such, shall be limited to those expressly imposed upon them, respectively, by this Agreement. The Board of Trustees shall administer VA MINT in compliance with Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.24500 et. *seq*.)

103.2 Authority of the Trustees. The Trustees shall have the power and authority and shall be charged with the duty of general supervision and operation of VA MINT, and shall conduct the business and activities of VA MINT in accordance with this Agreement, the Trust Joinder Agreements, rules and regulations adopted by the Board of Trustees and applicable law.

103.3 Trustees' Liabilities. No Trustee shall be liable: for any act of omission or commission by any other Trustee; for any action taken pursuant to this Agreement in good faith; or for an act of omission except bad faith or gross negligence. The Trustees are hereby authorized and empowered to obtain, at the expense of VA MINT, liability insurance fully protecting the respective Trustees, the Administrator, and VA MINT from any loss or expense incurred, including reasonable attorney's fees, for all acts of the Trustees except bad faith or gross negligence. VA MINT shall save, hold harmless and indemnify the Trustees from any loss, damage or expense incurred by said persons or entities while acting in their official capacity excepting bad faith or gross negligence.

103.4 Standard of Review. In evaluating the performance of the Trustees, compliance by the Trustees with this Agreement must be determined in light of the facts and circumstances existing at the time of the Trustees' decision or action and not by hindsight.

103.5 Limitations on Liabilities. The Trustees' responsibilities and liabilities shall be subject to the following limitations:

103.5.1 The Trustees shall have no duties other than those expressly set forth in this Agreement and those imposed on the Trustees by applicable laws.

103.5.2 The Trustees shall be responsible only for money actually received by the Trustees, and then to the extent described in this Agreement.

103.5.3 The Trustees shall not be responsible for the correctness of any determination of payments or disbursements from VA MINT.

103.5.4 The Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.

103.5.5 The Trustees shall have no liability for (i) the acts or omissions of any Investment Manager or Managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any mutual fund; or (iv) following directions that are given to the Trustees by the Treasurer or Chief Investment Officer in accordance with this Agreement.

103.6 Reliance on Counsel. The Board of Trustees may employ, retain or consult with legal counsel, who may be counsel for the Administrator, concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to this Agreement; and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustees in good faith in accordance with the opinion of such counsel, and the Trustees shall not be individually or collectively liable therefor.

103.7 Meetings.

103.7.1 The Board of Trustees shall meet at least three times per year, and more frequently if called, at the principal office of VA MINT or at such other location as may be acceptable to a majority of the Trustees, including via a virtual, online secure meeting platform. One such meeting of the Board of Trustees shall be held as soon as practicable after the adjournment of the annual meeting of Treasurers or Chief Investment Officers of Participating Political Subdivisions at such time and place as the Board of Trustees may designate. Other meetings of the Board of Trustees shall be held at places within the Commonwealth of Virginia and at times fixed by resolution of the Board of Trustees, or upon call of the Chairperson of the Board or a majority of the Trustees, on not less than ten (10) days' advance notice. Such notice shall be directed to the Trustees by U. S. mail to the respective addresses of the Trustees as recorded in the office of VA MINT or by electronic mail. The notice of any special meetings of the Board of Trustees shall state the purpose of the meeting.

103.7.2 A majority of the number of Trustees elected and serving at the time of any meeting shall constitute a quorum for the transaction of business. Each Trustee shall be entitled to cast a single vote of equal weight on each question coming before the Board. Proxy voting is not allowed. The act of a majority of Trustees present at a meeting at which a quorum is present, shall be the act of the Board of Trustees unless otherwise specified in this agreement. Less than a quorum may adjourn any meeting. Robert's Rules of Order shall be the parliamentary authority to govern meetings of the Board, unless the Board shall adopt such other authority.

103.8 Office of VA MINT. The Administrator shall establish, maintain and provide adequate funding for an office for the administration of VA MINT. The initial address of the office for the administration of VA MINT shall be [ ], unless and until the Administrator shall establish another office. The address of such office is to be made known to the parties interested in or participating in VA MINT and to the appropriate governmental agencies. The official books and records pertaining to VA MINT and its administration shall be kept and maintained at the by the Administrator at the office of VA MINT.

103.9 Execution of Documents. A certificate signed by a person designated hereunder by the Board of Trustees to serve as Secretary shall be evidence of the action of the Trustees, and any such certificate or other instrument so signed shall be kept and maintained at the office of VA MINT and may be relied upon as an action of the Trustees.

103.10 Appointment and Removal of Administrator. The Board of Trustees may appoint an Administrator pursuant to an administrative services agreement between the parties. The Board of Trustees shall provide compensation for the Administrator to administer the affairs of VA MINT. Any three (3) Trustees may call for a vote of the Board of Trustees to remove the Administrator by providing no less than 30 days' notice to the other Trustees and to the Administrator. A vote will be scheduled at the next meeting of the Board of Trustees, for which sufficient notice can be given, at which meeting the Administrator may be removed on the vote of a Supermajority of the members of the Board of Trustees then serving. Upon removal of the Administrator, the Board of Trustees shall designate a successor Administrator.

103.11 Duty to Furnish Information. The Treasurers or Chief Investment Officers and the Board of Trustees shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under this Agreement or otherwise imposed by law.

103.12 Reliance on Communications. The Board of Trustees may rely upon a certification of a Treasurer or Chief Investment Officer with respect to any instruction, direction, or approval of its Participating Political Subdivision and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Treasurer or Chief Investment Officer and its Participating Political Subdivision.

Section 104. ADMINISTRATIVE POWERS AND DUTIES.

104.1 Trustees. The Board of Trustees, in addition to all powers and authorities under common law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq*.), and subject to the requirements and limitations imposed by the common law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et *seq*.), shall have and in its sole and absolute discretion may exercise from time to time and at any time, either through its own actions, delegation to the Administrator or any other third party as selected by the Board of Trustees, or through a Custodian selected by the Board of Trustees. The following administrative powers and authority with respect to VA MINT are:

104.1.1 To receive for the purposes hereof all cash contributions paid to it by or at the direction of the Participating Political Subdivisions or their Treasurers or Chief Investment Officers.

104.1.2 To hold, invest, reinvest, manage, administer and distribute cash balances as shall be transferred to the Trustees from time to time by the Participating Political Subdivisions or their Treasurers or Chief Investment Officers and the increments, proceeds, earnings and income thereof for the exclusive benefit of Participating Political Subdivisions.

104.1.3 To continue to hold any property of VA MINT that becomes otherwise unsuitable for investment for as long as the Board of Trustees in its discretion deems desirable; to reserve from investment and keep unproductive of income, without liability for interest, cash temporarily awaiting investment and such cash as it deems advisable, or as the Administrator from time to time may specify, in order to meet the administrative expenses of VA MINT or anticipated distributions therefrom.

104.1.4 To hold property of VA MINT in the name of VA MINT, or in the name of a nominee or nominees (*e.g.*, registered agents), without disclosure of the trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Board of Trustees of its responsibility for the safe custody and disposition of VA MINT in accordance with the provisions of this Agreement; the books and records of the Board of Trustees shall show at all times that such property is part of VA MINT and the Board of Trustees shall be absolutely liable for any loss occasioned by the acts of its nominee or nominees with respect to securities registered in the name of the nominee or nominees.

104.1.5 To employ in the management of VA MINT suitable agents, attorneys, advisors, and other professionals, without liability for any loss occasioned by any such person, so long as they are selected with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

104.1.6 To make, execute and deliver, as trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that it may deem necessary or desirable in the exercise of its powers under this Agreement.

104.1.7 To do all other acts that it may deem necessary or proper to carry out any of the powers set forth in this Section 104 or Section 202, to administer or carry out the purposes of VA MINT, or as otherwise is in the best interests of VA MINT; provided, however, the Board of Trustees need not take action unless in its opinion there are sufficient Trust Fund assets available for the expense thereof.

104.1.8 To adopt rules and regulations governing the Trustees' operations and procedures.

104.1.9 To contract with municipal corporations, political subdivisions and other public entities of State or of local government and private entities for the provision of Trust Fund services and for the use or furnishing of services and facilities necessary, useful, or incident to providing Trust Fund services.

104.1.10 To advise the Administrator on the establishment of expectations with regard to the provision of administrative services and the establishment of appropriate fee levels.

104.1.11 To establish and charge fees for participation in VA MINT and for additional administrative services provided to a Participating Political Subdivision in addition to any fees charged by other administrative service providers.

104.1.12 To collect and disburse all funds due or payable from VA MINT, under the terms of this Agreement.

104.1.13 To provide for and promulgate all rules, regulations, and forms deemed necessary or desirable in contracting with Treasurers and Chief Investment Officers and their Participating Political Subdivisions, in fulfilling the Trustees' purposes and in maintaining proper records and accounts.

104.1.14 To employ insurance companies, banks, trust companies, investment brokers, investment advisors, or others as agents for the receipt and disbursement of funds held in trust for Participating Political Subdivisions.

104.1.15 To determine, consistent with the applicable law and the procedures under VA MINT, all questions of law or fact that may arise as to investments and the rights of any Participating Political Subdivision to assets of VA MINT.

104.1.16 Subject to and consistent with the Code and the Virginia Code, to construe and interpret the Trust Agreement and to correct any defect, supply any omissions, or reconcile any inconsistency in the Agreement.

104.1.17 To contract for, purchase or otherwise procure insurance and investment products.

104.1.18 To employ transfer agents for purposes of maintaining records of the funds and investments held by VA MINT and providing the usual and customary services performed by transfer agents.

104.2 Administrator. Pursuant to an administrative services agreement between the Board of Trustees and the Administrator, the Administrator shall have the power and authority to implement policy and procedural matters as directed by the Board of Trustees as they relate to the ongoing operation and supervision of VA MINT and the provisions of this Agreement and applicable law. The Administrator shall immediately make application for appropriate insurance, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. The premium on such bond or insurance shall be paid from VA MINT, which bond or insurance shall be continued in force in such amount as the Board of Trustees may from time to time require. If the Administrator's bond or insurance coverage is refused, or is ever cancelled, the Administrator may be removed on a Supermajority vote of the Trustees then serving.

Section 105. TAXES, EXPENSES AND COMPENSATION OF TRUSTEES.

105.1 Taxes. The Administrator, without direction from the Board of Trustees, shall pay out of VA MINT all taxes, if any, properly imposed or levied with respect to VA MINT, or any part thereof, under applicable law, and, in its discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting VA MINT or any part thereof.

105.2 Expenses and Compensation. The Board of Trustees is authorized to set aside from Participating Political Subdivision contributions received and the investment income earned thereon a reasonable sum for the operating expenses and administrative expenses of VA MINT including but not limited to, the employment of such administrative, legal, accounting, and other expert and clerical assistance, and the purchase or lease of such materials, supplies and equipment as the Board of Trustees, in its discretion, may deem necessary or appropriate in the performance of its duties, or the duties of the agents or employees of VA MINT or the Trustees. All remaining funds received by the Trust shall be set aside, managed and used only for the benefit of Participating Political Subdivisions.

Section 106. COMMUNICATIONS.

Until notice is given to the contrary, communication to the Trustees or to the Administrator shall be sent to them at the initial office of VA MINT in care of the Administrator at the address set forth in Section 103.8 hereof. Thereafter, communications to the Trustees or to the Administrator shall be sent to them at the duly established office of VA MINT.

Section 107. APPOINTMENT, RESIGNATION OR REMOVAL OF TRUSTEES.

107.1 Appointment of Trustees and Length of Appointment. The initial number of voting Trustees serving on the Board of Trustees shall be two, and the total number of voting Trustees shall be no more than five (5).

107.1.1 The initial group of Trustees to establish VA MINT shall be the following: (a) the Treasurer or other duly appointed Chief Investment Officer or other representative of the [ ] of [ ]; and (b) the Treasurer or other duly appointed Chief Investment Officer or other representative of the [ ] of [ ].

107.1.2 Thereafter, each Treasurer or other duly appointed Chief Investment Officer or other representative of subsequent Participating Political Subdivisions shall become Trustees, until such time as the total number of Trustees shall be five (5).

107.1.3 The Administrator shall serve as a non-voting *ex officio* trustee.

107.1.4 On no less than an annual basis, the Board of Trustees shall appoint a chairperson to lead the meetings of the Board of Trustees.

107.1.5 The Board of Trustees may, by approval of a majority of the then-serving Trustees, appoint such non-voting trustees to the Board of Trustees as it deems appropriate.

107.2 Designation. A Treasurer or other duly appointed Chief Investment Officer shall have the authority to appoint a delegate to discharge his or her duties as member of the Board of Trustees hereunder, and such individual shall be deemed a member of the Board of Trustees upon such designation.

107.3 Restrictions on Board Service. No individual Trustee may be elected or continue to serve as a Trustee after becoming an owner, officer or employee of the Administrator, an Investment Manager or a Custodian.

107.4 Resignation of a Trustee.

107.4.1 A Trustee may resign from all duties and responsibilities under this Agreement by giving written notice to the Chairperson of the Trustees.

107.4.2 The Chairperson may resign from all duties and responsibilities under this Agreement by giving written notice to all of the other Trustees. Such notice shall state the date such resignation shall take effect and such resignation shall take effect on such date but not later than sixty (60) days after the date such written notice is given.

107.4.3 Any Trustee, upon leaving office, shall forthwith turn over and deliver to the Administrator at the principal office of VA MINT any and all records, books, documents or other property in his or her possession or under his or her control which belong to VA MINT.

107.4.4 Upon such resignation, the Participating Political Subdivision represented by the resigning Trustee shall appoint a new Trustee to serve in his/her stead.

107.5 Removal of a Trustee.

107.5.1 Each Trustee, unless due to resignation, death, incapacity, removal, or conviction of a felony or any offense for which resignation is required as defined in Virginia Code § 9.1-902, shall serve and shall continue to serve as Trustee hereunder, subject to the provisions of this Agreement. If a Trustee is removed hereunder, then the Participating Political Subdivision represented by such removed Trustee shall appoint a successor Trustee.

107.5.2 A Trustee shall relinquish his or her office or may be removed by a majority vote of the Trustees then serving or *ipso facto* when the Political Subdivision that he/she represents is no longer a Participating Political Subdivision in VA MINT. Notice of removal of a Trustee shall be furnished to the other Trustees by the Chairperson of the Trustees and shall set forth the effective date of such removal. Notice of removal of the Chairperson shall be furnished to the other Trustees by the Administrator and shall set forth the effective date of such removal.

107.5.3 Upon removal of a Trustee where the Political Subdivision that he/she represents is no longer a Participating Political Subdivision in VA MINT, a successor Trustee shall be elected forthwith by the affirmative vote of the majority of the remaining Trustees, even if such remaining Trustees constitute less than a quorum of the Board of Trustees. The notice of the election of a successor Trustee shall be furnished to the other Trustees by the Chairperson.

107.5.4 A Trustee shall relinquish his or her office *ipso facto* when he or she no longer serves as Treasurer, Chief Investment Officer, or other duly appointed representative of a Participating Political Subdivision. In that case, and notwithstanding anything herein to the contrary, such Trustee shall be replaced by the then-current Treasurer, Chief Investment Officer, or other duly appointed representative of the same Participating Political Subdivision.

107.6 Trustees' Rights. In case of the death, resignation or removal of any one or more of the Trustees, the remaining Trustees shall have the powers, rights, estates and interests of this Agreement as Trustees and shall be charged with the duties of this Agreement; provided in such cases, no action may be taken unless it is concurred in by a majority of the remaining Trustees. However, if such vacancies leave less than a quorum of Trustees, the remaining trustees may only act to appoint successors. Only after a quorum has been established may the Trustees take the other actions established in this subsection.

Section 108. BONDING.

The Board of Trustees shall immediately make application for a fidelity bond or other appropriate insurance, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. Premiums on such bond or insurance shall be paid from VA MINT, which bond or insurance shall be continued in force in such amount as the Board of Trustees may from time to time require. If such a bond or insurance coverage is refused or cancelled due to the service on the Board of Trustees by any Trustee, except with the Board of Trustees' approval, such Trustee may be removed from office by majority vote of the Trustees then serving.

ARTICLE II
INVESTMENTS

Section 200. APPLICATION.

The provisions of Article apply to the investments of VA MINT.

Section 201. ADMINISTRATION OF TRUST.

201.1 General. All such assets shall be held by the Trustees in VA MINT.

201.2 Contributions. The Board of Trustees hereby delegates to the Custodian the responsibility for accepting cash contributions to VA MINT, and the Custodian shall have the responsibility for accepting cash contributions by Participating Political Subdivisions. Assets held in VA MINT shall be dedicated to the benefit of each Participating Political Subdivision, respectively, or to defraying reasonable expenses of VA MINT. All contributions by a Participating Political Subdivision shall be transferred to VA MINT to be held, managed, invested and distributed as part of VA MINT by the Trustees in accordance with the provisions of this Agreement and applicable law.

201.3 Applicable Laws and Regulations, The Board of Trustees shall be authorized to take the steps it deems necessary or appropriate to comply with any laws or regulations applicable to VA MINT.

201.4 Accumulated Share. No Participating Political Subdivision shall have any right, title or interest in or to any specific assets of VA MINT, but shall have an undivided beneficial interest in VA MINT; however, there shall be a specific accounting of assets allocable to each Participating Political Subdivision.

Section 202. MANAGEMENT OF INVESTMENTS OF VA MINT.

202.1 Authority of Trustees. Except as otherwise set forth in this Section 202, and except as otherwise provided by law, the Board of Trustees shall have exclusive authority and discretion to manage and control the assets of VA MINT held by them pursuant to the guidelines established by the Board of Trustees in the Investment Policy.

202.2 Investment Policy. The Board of Trustees, as its primary responsibility under this Agreement, shall develop and adopt written Investment Policies establishing guidelines applicable to the investment of the assets of VA MINT, and from time to time shall modify such Investment Policies, in light of the short and long-term financial interests of the Participating Political Subdivisions and VA MINT. The Investment Policies shall serve as the description of the funding policies and method for VA MINT.

202.3 Investment Manager.

202.3.1 From time to time, the Administrator may, pursuant to approval of the Board of Trustees, appoint one (1) or more independent Investment Manager, pursuant to a written investment advisory or management agreement with each, describing the powers and duties (including the compensation) of the Investment Manager with regard to the management of all or any portion of any investment or trading account of VA MINT. The Investment Manager shall review with the Board of Trustees, a minimum of every calendar quarter: the Investment Policy; the suitability of VA MINT's investments with regard to applicable law, sound investment practices, and in consideration of expected distribution policies of the investments; the performance of the Investment Managers; the asset allocations maintained by the Investment Managers; and the investments' and asset allocation's consistency with the objectives of the Investment Policy.

202.3.2 The initial Investment Manager shall be AUMA. The Board of Trustees hereby ratifies such appointment. The Investment Manager will serve at the pleasure of the Board of Trustees and will be compensated for its recurring, usual and customary services.

202.3.3 The Investment Manager shall maintain an asset allocation for VA MINT, in its reasonable discretion, that is consistent with the objectives of the Investment Policy and applicable law.

202.3.4 AUMA, and any subsequently appointed Investment Manager, may be removed upon the votes of a Supermajority of the then-constituted Board of Trustees.

202.4 Custodian.

202.4.1 The Custodian is responsible for holding all funds and securities in a separate account in the name of VA MINT, collecting all income and principal due VA MINT from securities held, accepting contributions and distributing redemptions, and properly accepting for delivery and/or delivering securities in accordance with the contract between VA MINT and the Custodian.

202.4.2 The Board on behalf of VA MINT shall employ a bank or trust company organized under the laws of the United States of America or the Commonwealth of Virginia. The Custodian shall be subject to such restrictions, limitations, and other requirements set forth in a Custodian Agreement to be entered into between the Board and the Custodian.

202.4.3 The Custodian shall have such duties as are set forth in the Custodian Agreement. Such agreement shall also provide that it may be terminated at any time without cause and without the payment of any penalty within an appropriate time specified in such agreement. In the event that, at any time, the Custodian shall resign or shall be terminated the Board shall appoint a successor.

202.4.4 The initial Custodian shall be [ ], and such appointment is hereby ratified by the Board of Trustees.

202.4.5 The Custodian shall be compensated for its recurring, usual and customary services.

202.5 Absence of Trustees' Responsibility for Investment Manager. Except to the extent provided herein, the Board of Trustees, collectively and individually, shall not be liable for any act or omission of any Investment Manager and shall not be under any obligation to invest or otherwise manage the assets of VA MINT that are subject to the management of any Investment Manager. Without limiting the generality of the foregoing, the Board of Trustees shall be under no duty at any time to make any recommendation with respect to disposing of or continuing to retain any such asset. Furthermore, the Board of Trustees, collectively and individually, shall not be liable by reason of its taking or refraining from taking the advice of the Investment Manager any action pursuant to this Section, nor shall the Board of Trustees be liable by reason of its refraining from taking any action to remove or replace any Investment Manager; and The Board of Trustees shall be under no duty to make any review of an asset acquired at the direction or order of an Investment Manager.

202.6 Reporting. The Board of Trustees shall be responsible for and shall cause to be filed periodic audits, valuations, reports and disclosures of VA MINT as are required by law or agreements. Notwithstanding anything herein to the contrary, the Board of Trustees shall cause VA MINT to be audited by a certified public accounting firm retained for this purpose at least once each year. The Board of Trustees may employ professional advisors to prepare such audits, valuations, reports and disclosures and the cost of such professional advisors shall be borne by VA MINT.

202.7 Commingling Assets. Except to the extent prohibited by applicable law, the Board of Trustees may commingle the assets of all Participating Political Subdivisions held by the Board of Trustees under this Agreement for investment purposes in VA MINT and shall hold VA MINT in trust and manage and administer the same in accordance with the terms and provisions of this Agreement. However, the assets of each Participating Political Subdivision shall be accounted for separately.

202.7 Record of Shares. The Trust shall maintain records which shall contain the names and addresses of Participating Political Subdivisions; the number of shares representing their respective interests hereunder; and a record of all allocations and redemptions. Such records shall be conclusive as to the identity of the Participating Political Subdivisions to which shares are allocated. Only those Participating Political Subdivisions whose allocation of shares is recorded in the Trust records shall be entitled to receive distributions with respect to shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interests represented by the shares. No Participant shall be entitled to receive any distribution, nor to have notices given to it, until it has given its appropriate address to the Trust.

202.9 Maintenance of Records. The Administrator, or such other entity appointed by the Board, shall record the allocations of shares in the records of the Trust.

202.10 No Transfer of Shares. The beneficial interests measured by the shares shall not be transferable, in whole or in part, other than to VA MINT itself for purposes of redemption. However, shares may be redeemed from one Participating Political Subdivision's account and the proceeds deposited directly into another Participating Political Subdivision's account upon instructions received from both respective Participants.

202.11 Limitation of Responsibility. The Board of Trustees shall not, nor shall the Participating Political Subdivisions or any officer or other agent of the Trust, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the shares or any interest therein are subject, or to ascertain or inquire whether any redemption of any such shares by any Participating Political Subdivision or its representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein except the Participating Political Subdivision recorded as the Participating Political Subdivision to which such shares are allocated. The receipt of moneys by the Participating Political Subdivision in whose name any share is recorded or by the duly authorized agent of such Participating Political Subdivision shall be a sufficient discharge for all moneys payable or deliverable in respect of such shares and from all responsibility to see the proper application thereof.

Section 203. ACCOUNTS.

The Board of Trustees shall keep or cause to be kept at the expense of VA MINT accurate and detailed accounts of all its receipts, investments and disbursements under this Agreement, with the Trustees causing the Investment Manager to account separately for each Investment Manager's portion of VA MINT.

Section 204. DISBURSEMENTS FROM THE TRUST.

204.1 Trust Payments. The Board of Trustees hereby delegates to the Administrator the responsibility for making payments from VA MINT, in accordance with rules and regulations established by the Board of Trustees. Payments from VA MINT shall be made by electronic transfer or check (or the check of an agent) for deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Trustees shall not incur any liability on account of any payment or other distribution made by VA MINT in accordance with this Section. Such payment shall be in full satisfaction of claims hereunder against the Trustee, Administrator or Participating Political Subdivision.

204.2 Payments from the Trust to Participating Political Subdivisions. Any and all allocated shares may be redeemed at the option and as directed by the Treasurer of Chief Investment Officer of each Participating Political Subdivision upon and subject to the terms and conditions provided in this Agreement and the Informational Statement(s). VA MINT shall, upon application of any Participating Political Subdivision, redeem from such Participating Political Subdivision allocated shares for an amount per share equivalent to the proportional interest in the net assets of VA MINT at the time of the redemption. The procedures for effecting redemption shall be prescribed by the Board; provided, however, that such procedures shall not be structured so as to substantially and materially restrict the ability of the Participating Political Subdivisions to withdraw funds from the Trust.

204.3 Allocation of Expenses.

204.3.1 The Board of Trustees shall pay all expenses of VA MINT from the assets in VA MINT. All expenses of VA MINT, which are allocable to a particular investment option or account, may be allocated and charged to such investment option or account as determined by the Trustees.

204.3.2 All expenses of VA MINT which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Trustees.

204.3.3 The Board of Trustees hereby directs the Administrator to pay such necessary and customary fees and expenses already incurred and associated with the formation and operation of VA MINT until the Effective Date, including legal, accounting, and other expenses, upon request, and to reimburse, upon request, any other entity advancing payment for such fees and expenses, and hereby ratifies any and all agreements with service providers and expenses incurred to date.

Section 205. INVESTMENT PORTFOLIOS.

205.1 Establishment of Portfolios. The Board of Trustees shall initially establish two (2) investment portfolios within VA MINT pursuant to the Investment Policies, for communication to, and acceptance by, Treasurers and Chief Investment Officers:

205.1.1 Enhanced Cash Pool. This pool is established so that VA MINT may make investments therein for purposes of providing VA MINT participants with safety of principal, liquidity and return by taking moderate interest rate and liquidity risk by investing in a diversified portfolio of high-quality securities.

205.1.2 Virgina FIRST Flex Term Pool. This pool is established so that VA MINT may make investments therein for purposes of providing a series of investment options subject to pre-set redemption periods ranging from 60 days to one year from the time of investment, to meet the cash management needs of the Participating Political Subdivisions.

205.2 Separately Managed Accounts. The Board of Trustees authorizes the Investment Manager to offer, and each Participating Political Subdivision to participate in, a separately managed account program ("SMA"), in the discretion of each Participating Political Subdivision. By the SMA, each Participating Political Subdivision electing to participate may invest in longer-term fixed income securities, in a customized manner as coordinated between the Investment Manager and each Participating Political Subdivision that elects to participate in the SMA. The Investment Manager shall establish "break points" for fees associated with participation in the SMA, which break points shall be cumulative across all Participating Political Subdivisions that participate in the SMA, such that the total number of assets directed to the SMA from all Participating Political Subdivisions (and not per each Participating Political Subdivision) shall be used to determine the appropriate fee break point. The SMA shall conform to the Investment Policies and the terms thereof shall be agreed to among the Investment Manager and the Participating Political Subdivision.

205.3 Other Investment Options.

205.3.1 Upon consultation with the Investment Manager, the Board of Trustees may develop additional investment options, reflecting different risk/return objectives and corresponding asset mixes, for selection by Treasurers and Chief Investment Officers, as alternatives to the current investment options.

205.3.2 The determination to add alternative investment options to the Investment Policies, and the development of each such investment option, are within the sole and absolute discretion of the Board of Trustees. The Trustees shall transfer to any deemed investment option developed hereunder such portion of the assets of VA MINT as appropriate.

205.5.3 The Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with the directions given by each Treasurer or Chief Investment Officer. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option.

205.5.4 If multiple investment options are developed, from time to time, the Board of Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in the remaining investment option having the shortest duration of investments unless another investment option is selected in accordance with directions given by the Treasurer or Chief Investment Officer.

205.5.6 Separate investment funds within VA MINT and varying percentages of investment in any such separate investment fund by the Participating Political Subdivisions, to the extent so determined by the Board of Trustees, are expressly permitted.

ARTICLE III
PARTICIPATING POLITICAL SUBDIVISIONS

Section 300. APPLICATION.

The provisions of This Article III set forth the rights of Participating Political Subdivisions.

Section 301. PARTICIPATING POLITICAL SUBDIVISIONS.

301.1 Approval. The Board of Trustees or its designee shall receive applications from Treasurers and Chief Investment Officers of Participating Political Subdivisions for membership in VA MINT and shall approve or disapprove such applications for membership in accordance with the terms of this Agreement, the Trust Joinder Agreement, and the rules and regulations established by the Board of Trustees for admission of new Participating Political Subdivisions. The Board of Trustees shall have total discretion in determining whether to accept a new member. The Board of Trustees may delegate the authority for membership approval to the Administrator.

301.2 Execution of Trust Joinder Agreement. Once the governing body of a political subdivision has approved an ordinance or resolution to participate in VA MINT, its Treasurer or Chief Investment Officer, serving as trustee for such political subdivision, may execute a Trust Joinder Agreement in such form and content as set forth in Exhibit A hereto, or as otherwise prescribed by the Board of Trustees. By the execution of the Trust Joinder Agreement, the Participating Political Subdivision agrees to be bound by all the terms and provisions of this Agreement, the Trust Joinder Agreement, and any rules and regulations adopted by the Trustees under this Agreement. The Treasurer or Chief Investment Officer of each Participating Political Subdivision, serving as such Participating Political Subdivision’s trustee shall represent such Participating Political Subdivision’s interest in all meetings, votes, and any other actions to be taken by a Participating Political Subdivision hereunder, provided that a Treasurer who elects not to invest public funds pursuant to the Joinder Agreement shall have no obligation to serve as a trustee for his or her locality.

301.3 Continuing as a Participating Political Subdivision. Application for participation in this Agreement, when approved in writing by the Board of Trustees or its designee, shall constitute a continuing contract for each succeeding fiscal year unless terminated by the Trustees or unless the Participating Political Subdivision resigns or withdraws from this Agreement by written notice sent by its duly authorized official. The Board of Trustees may terminate a Participating Political Subdivision’s participation in this Agreement for any reason by vote of a Supermajority of the voting members of the Board of Trustees present at a duly called meeting. If the participation of a Participating Political Subdivision is terminated, the Board of Trustees and the Administrator shall effect the withdrawal of such Participating Political Subdivision’s beneficial interest in VA MINT and removal of such Participating Political Subdivision’s Trustee representative in accordance with its usual withdrawal policies.

ARTICLE IV
OFFICERS

Section 400. APPLICATION.

The provisions of Article IV set forth provisions regarding the officers of VA MINT.

Section 401. ELECTION AND REMOVAL OF OFFICERS.

401.1 Election of Officers; Terms. The Board of Trustees shall appoint the officers of VA MINT. The officers of VA MINT shall consist of a Chairperson of the Board, a Vice-Chairperson, and a Secretary. The Secretary need not be a member of the Board of Trustees and may be the Administrator. Other officers, including assistant and subordinate officers, may from time to time be elected by the Board of Trustees, and they shall hold office for such terms as the Board of Trustees may prescribe. All officers shall hold office until the next annual meeting of the Board of Trustees and until their successors are elected.

401.2 Removal of Officers; Vacancies. Any officer of VA MINT may be removed summarily with or without cause, at any time, on the vote of three-quarters of the Board of Trustees present at a duly called meeting. Vacancies may be filled by the Board of Trustees.

Section 402. DUTIES.

402.1 Duties, Generally. The officers of VA MINT shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are prescribed by law or are hereinafter provided or as from time to time shall be conferred by the Board of Trustees. The Board of Trustees may require any officer to give such bond for the faithful performance of such officer's duties as the Board of Trustees may see fit.

402.2 Duties of the Chairperson.

402.2.1 The Chairperson shall be selected from among the Trustees. Except as otherwise provided in this Agreement or in the resolutions establishing such committees, the Chairperson shall be *ex officio* a member of all Committees of the Board of Trustees. The Chairperson shall preside at all Board meetings.

402.2.2 The Chairperson may sign and execute in the name of VA MINT stock certificates, deeds, mortgages, bonds, contracts or other instruments except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement to some other officer or agent of VA MINT or as otherwise required by law. In addition, he/she shall perform all duties incident to the office of the Chairperson and such other duties as from time to time may be assigned to the Chairperson by the Board of Trustees.

402.2.3 In the event of any vacancy in the office of the Chairperson, the Vice-Chairperson shall serve as Chairperson on an interim basis until such vacancy is filled by subsequent action of the Board of Trustees.

402.3 Duties of the Vice-Chairperson. The Vice-Chairperson, if any, shall be selected from among the Trustees and shall have such powers and duties as may from time to time be assigned to the Vice-Chairperson. The Vice-Chairperson will preside at meetings in the absence of the Chairperson.

402.4 Duties of the Secretary.

402.4.1 The Secretary shall act as secretary of all meetings of the Board of Trustees and of the Treasurers and Chief Investment Officers. When requested, the Secretary shall also act as secretary of the meetings of the Committees of the Board of Trustees.

402.4.2 The Secretary shall keep and preserve the minutes of all such meetings in permanent books. The Secretary shall see that all notices required to be given by VA MINT are duly given and served. The Secretary may, at the direction of the Board of Trustees, sign and execute in the name of VA MINT stock certificates, deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement.

402.4.3 The Secretary shall have custody of all deeds, leases, contracts and other important Trust Fund documents; shall have charge of the books, records and papers of VA MINT relating to its organization and management as a trust; and shall see that all reports, statements and other documents required by law are properly filed.

ARTICLE V
MISCELLANEOUS PROVISIONS

Section 500. APPLICATION.

The provisions of this Article V shall apply generally to matters related to this Agreement.

Section 501. TITLES.

The titles to Parts and Sections of this Agreement are placed herein for convenience of reference only, and the Agreement is not to be construed by reference thereto.

Section 502. SUCCESSORS.

This Agreement shall bind and inure to the benefit of the successors and assigns of the Trustees, the Treasurers and Chief Investment Officers, and the Participating Political Subdivisions.

Section 503. COUNTERPARTS.

503.1 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart.

503.2 Any Participating Political Subdivision that formally applies for participation in this Agreement by its execution of a Trust Joinder Agreement which is accepted by the Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions thereof, and said Trust Joinder Agreement shall constitute a counterpart of this Agreement.

Section 504. AMENDMENT OR TERMINATION OF THIS AGREEMENT; TERMINATION OF PLANS.

504.1 Duration. VA MINT shall be perpetual, subject to the termination provisions contained herein.

504.2 Amendment.

504.2.1 This Agreement may be amended in writing at any time by the vote of a Supermajority of the Trustees. Notwithstanding the preceding sentence, this Agreement may not be amended so as to change its purpose as set forth herein or to permit the diversion or application of any funds of VA MINT for any purpose other than those specified herein.

504.2.2 The Board of Trustees, upon adoption of an amendment to this Agreement, shall provide notice by sending a copy of any such amendment to each Treasurer and Chief Investment Officer within 15 days of adoption of such amendment. If a Treasurer or Chief Investment Officer objects to such amendment, the Treasurer or Chief Investment Officer must provide written notice of its objection and intent to terminate its participation in VA MINT by registered mail delivered to the Administrator within ninety (90) days of such notice, and if such notice is given, the amendments shall not apply to such Participating Political Subdivision for a period of 180 days from the date of adoption of such amendments.

504.3 Withdrawal and Termination.

504.3.1 Any Participating Political Subdivision may at any time in its sole discretion withdraw and terminate its interest in this Agreement and any trust created hereby, including VA MINT, by giving written notice from the Participating Political Subdivision's Treasurer or Chief Investment Officer to the Trustees in the manner prescribed by this Section. VA MINT may be terminated in its entirety when all participation interests of all Participating Political Subdivisions have been terminated in their entirety. This Agreement and VA MINT will then be terminated in its entirety pursuant to Virginia law.

504.3.2 In case of a termination of this Agreement, either in whole or in part by a Participating Political Subdivision, the Trustees shall hold, apply, transfer or distribute the affected assets of VA MINT in accordance with the applicable provisions of this Agreement and as directed by the Treasurer or Chief Investment Officer of each Participating Political Subdivision. Upon any termination, in whole or in part, of this Agreement, the Trustees shall have a right to have their respective accounts settled as provided in this Section 504.

504.3.3 In the case of the complete or partial termination of this Agreement as to one or more Participating Political Subdivisions, the affected assets of VA MINT shall continue to be held pursuant to the direction of the Trustees, for the benefit of the Participating Political Subdivision, until the Trustees, upon recommendation of the Administrator, distribute such assets to a Participating Political Subdivision, or other suitable arrangements for the transfer of such assets have been made. This Agreement shall remain in full effect with respect to each Participating Political Subdivision that does not terminate or withdraw its participation in VA MINT, or whose participation is not terminated by the Trustees. However, if distributions must be made, the Treasurer or Chief Investment Officer of each Participating Political Subdivision shall be responsible for directing the Administrator on how to distribute the beneficial interest of such Participating Political Subdivision. In the absence of such direction, the Administrator may take such steps as it determines are reasonable to distribute such Participating Political Subdivision's interest.

504.3.4 A Participating Political Subdivision must provide written notice of its intent to terminate its participation in VA MINT by registered mail signed by the appropriate official of such Participating Political Subdivision and delivered to the Administrator.

504.3.5 Notwithstanding the foregoing, the Trustees shall be required to pay out any assets of VA MINT to Participating Political Subdivisions upon termination of this Agreement or VA MINT, in whole or in part, upon receipt by the Trustees of written certification from the Administrator that all provisions of law with respect to such termination have been complied with. The Administrator shall provide the required written certification to the Trustees within three (3) working days of receiving a written notice of intent to terminate as described above. The Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

504.3.6 When all of the assets of VA MINT affected by a termination have been applied, transferred or distributed and the accounts of the Trustees have been settled, then the Trustees and Administrator shall be released and discharged from all further accountability or liability respecting VA MINT, or portions thereof, affected by the termination and shall not be responsible in any way for the further disposition of the assets of VA MINT, or portions thereof, affected by the termination or any part thereof so applied, transferred or distributed; provided, however, that the Trustees shall provide full and complete accounting for all assets up through the date of final disposition of all assets held in the Trust.

Section 505. SPENDTHRIFT PROVISIONS; PROHIBITION OF ASSIGNMENT OF INTEREST.

VA MINT shall be exempt from taxation and execution, attachment, garnishment, or any other process. No Participating Political Subdivision or other person with a beneficial interest in any part of VA MINT may commute, anticipate, encumber, alienate or assign the beneficial interests or any interest of a Participating Political Subdivision in VA MINT, and no payments of interest or principal shall be in any way subject to any person's debts, contracts or engagements, nor to any judicial process to levy upon or attach the interest or principal for payment of those debts, contracts, or engagements.

Section 506. VIRGINIA FREEDOM OF INFORMATION ACT.

506.1 The Administrator shall give the public notice of the date, time, and location of any meeting of the Board of Trustees in the manner and as necessary to comply with the Virginia Freedom of Information Act (Va. Code §§ 2.2-3700 *et seq*.). The Secretary or its designee shall keep all minutes of all meetings, proceedings and acts of the Trustees, but such minutes need not be verbatim. Copies of all minutes of the meetings of the Board of Trustees shall be sent by the Secretary or its designee to each member of the Board of Trustees.

506.2 All meetings of the Board of Trustees shall be open to the public, except as provided in § 2.2-3711 of the Virginia Code. No meeting shall be conducted through telephonic, video, electronic or other communication means where the members are not physically assembled to discuss or transact public business, except as provided in §§ 2.2-3708 or 2.2-3708.1 of the Virginia Code.

Section 507. JURISDICTION.

This Agreement shall be interpreted, construed and enforced, and the trust or trusts created hereby shall be administered, in accordance with the laws of the United States and of the Commonwealth of Virginia, excluding Virginia's law governing the conflict of laws.

Section 508. SITUS OF THE TRUST.

The situs of the trust or trusts created hereby is the Commonwealth of Virginia. All questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the Commonwealth of Virginia. Venue for any action regarding this Agreement is the City of Richmond, Virginia.

Section 509. CONSTRUCTION.

Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply and whenever any words are used in this Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply, and whenever any words are used in this Agreement in the plural form, they shall be construed as though they were also in the singular form in all situations where they would so apply.

Section 510. CONFLICT.

In resolving any conflict among provisions of this Agreement and in resolving any other uncertainty as to the meaning or intention of any provision of the Agreement, the interpretation that (i) causes VA MINT to be exempt from tax under Code Sections 115 and 501(a), and (ii) causes the participating Plan and VA MINT to comply with all applicable requirements of law shall prevail over any different interpretation.

Section 511. NO GUARANTEES.

Neither the Administrator nor the Trustees guarantee VA MINT from loss or depreciation or for the payment of any amount which may become due to any person under any participating Plan or this Agreement.

Section 512. PARTIES BOUND; NO THIRD PARTY RIGHTS.

This Agreement and the Trust Joinder Agreements, when properly executed and accepted as provided hereunder, shall be binding only upon the parties hereto, *i.e.*, the Board of Trustees, the Administrator and the Participating Political Subdivisions. Neither the establishment of the Trust nor any modification thereof, nor the creation of any fund or account shall be construed as giving to any person any legal or equitable right against the Trustees, or any officer or employee thereof, except as may otherwise be provided in this Agreement. Under no circumstances shall the term of employment of any Employee be modified or in any way affected by this Agreement.

Section 513. NECESSARY PARTIES TO DISPUTES.

Necessary parties to any accounting, litigation or other proceedings relating to this Agreement shall include only the Trustees and the Administrator. The settlement or judgment in any such case in which the Trustees are duly served or cited shall be binding upon all Participating Political Subdivisions and upon all persons claiming by, through or under them.

Section 514. SEVERABILITY.

If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement shall continue to be fully effective. If any provision of the Agreement is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the trust created by this Agreement.

[*SIGNATURE PAGE TO BE CREATED*]

EXHIBIT A

TRUST JOINDER AGREEMENT
FOR PARTICIPATING POLITICAL SUBDIVISIONS
VIRGINIA MUNICIPAL INVESTMENT TRUST

THIS TRUST JOINDER AGREEMENT is made by and between the Treasurer/Chief Investment Officer of the ___________________________________ ,Virginia (herein referred to as the "Treasurer/Chief Investment Officer"), the ___________________________, Virginia (herein referred to as the "Participating Political Subdivision"), and the Board of Trustees (herein collectively referred to as the "Trustees") of the Virginia Municipal Investment Trust (herein referred to as "VA MINT").

WITNESSETH:

WHEREAS, the governing body of the Participating Political Subdivision desires to participate in a trust for the purpose of investing monies belonging to or within its control, other than sinking funds, in investments authorized under Section 2.2-4501 of the Virginia Code; and

WHEREAS, the governing body of the Participating Political Subdivision has adopted an ordinance and/or resolution (a certified copy of which is attached hereto as Exhibit A) to authorize, or has otherwise taken action required by law or rule to authorize and approve, participation in VA MINT and has designated the Treasurer/Chief Investment Officer to serve as the trustee of the Participating Political Subdivision with respect to VA MINT and to determine what funds under the Treasurer's/Chief Investment Officer's control shall be invested in VA MINT, and has authorized the Treasurer/Chief Investment Officer to enter into this Trust Joinder Agreement; and

WHEREAS, VA MINT, in accordance with the terms of the Virginia Municipal Investment Trust Fund Agreement (the "Agreement"), provides administrative, custodial and investment services to the Participating Political Subdivisions in VA MINT; and

WHEREAS, the Treasurer/Chief Investment Officer, upon the authorization of the governing body of ___________________________, Virginia, desires to submit this Trust Joinder Agreement to the Trustees to enable __________________________, Virginia, to become a Participating Political Subdivision in VA MINT and a party to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements flowing to each of the parties hereto, it is agreed as follows:

1. Pursuant to the Board of Trustees' acceptance of this Trust Joinder Agreement, the ___________________________, Virginia, is a Participating Political Subdivision in VA MINT, as provided in the Agreement, and the Treasurer/Chief Investment Officer is authorized to enter into this Trust Joinder Agreement, and to represent and vote the beneficial interest of _____________________, Virginia, in VA MINT in accordance with the Agreement.

2. Capitalized terms not otherwise defined in this Trust Joinder Agreement have the meaning given to them under the Agreement.

3. The Treasurer/Chief Investment Officer shall cause appropriations designated by the Participating Political Subdivision for deposit in VA MINT to be deposited into a depository designated by the Trustees.

4. The Treasurer/Chief Investment Officer shall timely remit, or timely approve the remittance of, administrative fees as may be due and payable by the Participating Political Subdivision under the Agreement into a depository designated by the Trustees.

5. The Participating Political Subdivision shall have no right, title or interest in or to any specific assets of VA MINT, but shall have an undivided beneficial interest in VA MINT; however, there shall be a specific accounting of assets allocable to the Participating Political Subdivision.

6. The Treasurer/Chief Investment Officer shall provide to the Administrator designated by the Trustees all relevant information reasonably requested by the Administrator for the administration of the Participating Political Subdivision's investment, and shall promptly update all such information. The Treasurer/Chief Investment Officer shall certify said information to be correct to the best of his/her knowledge, and the Trustees and the Administrator shall have the right to rely on the accuracy of said information in performing their contractual responsibilities.

7. VA MINT shall provide administrative, custodial and investment services to the Participating Political Subdivision in accordance with the Agreement.

8. The Trustees and the Administrator, in accordance with the Agreement and the policies and procedures established by the Trustees, shall periodically report Trust activities to the Participating Political Subdivision on a timely basis.

9. The Treasurer/Chief Investment Officer and the Participating Political Subdivision agree to abide by and be bound by the terms, duties, rights and obligations as set forth in the Agreement, as may be amended by the Trustees, which is attached hereto and is made a part of this Trust Joinder Agreement.

10. The Treasurer/Chief Investment Officer, in fulfillment of his/her duties as the trustee of the Participating Political Subdivision, retains the services of the Investment Manager or Managers selected by the Trustees pursuant to the Agreement.

11. The term of this Trust Joinder Agreement shall be indefinite. The Treasurer/Chief Investment Officer may terminate this Trust Joinder Agreement on behalf of the Participating Political Subdivision by giving notice in writing to the Trustees. Termination shall be governed by the provisions of the Agreement.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Treasurer/Chief Investment Officer has caused this Trust Joinder Agreement to be executed this _______ day of _______________________, 20____.

TREASURER/CHIEF INVESTMENT OFFICER OF

_________________________, VIRGINIA

____

____

____

ATTEST:

____

* * * *

ACCEPTANCE:

VIRGINIA MUNICIPAL INVESTMENT TRUST

By:_______________________________________

Council Letter
City of Danville, Virginia

CL - 1212 **NEW BUSINESS D.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Fiscal Year 2024 Comprehensive Services Act Appropriation

From: Henrietta Weaver, Budget Director

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance by Appropriating Comprehensive Services Act Funds and Providing Local Matching Funds for a Total Amount of $5,309,442 and Appropriating Same.

First Reading

SUMMARY

The Comprehensive Services Act (CSA) was enacted in Fiscal Year 1994, by the Virginia General Assembly, for the purpose of eliminating duplication of services for at-risk children and families. Whenever possible, CSA services must be child specific and community based. Services may be residential or non-residential, private or public, and must be responsive to the child's unique needs and culture. These services may currently exist within the public agencies, such as mental health, social services, education, and court services, or may be available privately. Examples include, but are not limited to: substance abuse counseling, respite care, psychological evaluations, transportation services, home-based therapy, family counseling, parent training, therapeutic foster care, job coaching, after school care, recreation, and housing assistance.

In January 2013, the City began operating its own Community Policy and Management Team (CPMT). This resulted from the request of Pittsylvania County to dissolve the joint Danville-Pittsylvania County Community Policy and Management Board (CPMB). A full-time person has been hired under the Division of Social Services to coordinate the City only program. There has been no increased administrative cost to the City as the administration funds that were being paid to Pittsylvania County are now being used to support the City only program.

BACKGROUND

Daily, the schools, social services and court service units are faced with a number of societal issues, such as locating services for abused, neglected, delinquent and special services children with significant mental and physical health impairments. In addition, these organizations work with children with behavioral problems that require specialized placements for treatment, truancy, and children whose disabilities are so severe they are unable to function within the community. These disabilities and behavioral issues include, but are not limited to: Autism, Bipolar Disorder, Schizophrenia, Sexual Reactive Disorder, Post Traumatic Stress Disorder, Suicidal Ideation, Conduct Disorder, Attachment Disorder, and Mental Retardation. The overall focus of CSA continues to be servicing at-risk children and families. Great strides have been made in bringing additional resources for services to the community. Service providers are meeting the increased demand for specialized programs while trying to manage the costs of such programs. The community partners continue to be faced with younger children whose disabilities are so severe that many times the children cannot be treated locally. The agencies that serve on the CPMT explore all options to provide for the needs of Danville's families and children by utilizing cost-effective measures to reduce expenditures to the locality. These measures include using Medicaid vendors, when appropriate, reviewing progress reports prior to authorizing additional service units, when feasible, and reviewing eligibility for IV-E funding which reimburses the locality 100% of allowable costs.

RECOMMENDATION

It is recommended that the City Council adopt the attached ordinance to approve Fiscal Year 2024 State and local funding for the CSA program. The required local match is included in the Adopted Fiscal Year 2024 City of Danville Budget.

Attachments

1. Ordinance

PRESENTED: ______________________

ADOPTED: ________________________

ORDINANCE NO. 2024-____.____

AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE BY APPROPRIATING COMPREHENSIVE SERVICES ACT FUNDS AND PROVIDING LOCAL MATCHING FUNDS FOR A TOTAL AMOUNT OF $5,309,442 AND APPROPRIATING SAME.

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia that the Fiscal Year 2024 Budget Appropriation Ordinance be, and is hereby, amended by increasing revenues to anticipate the State and Local funds for the Comprehensive Services Act fund and appropriating such funds within the Special Grants Fund, such appropriation to be as follows:

ANTICIPATED REVENUES

Description	Account No.	Amount
Categorical Aid – State:		
Comprehensive Services Act -		
Pools Funds	60315000-45560	$ 4,189,903
Administrative Funds	60315000-45570	19,539
Local Share		
Transfer in from General Fund	60315000-6101	1,100,000
	Total	**5,309,442**

ANTICIPATED EXPENDITURES

Description	Account No.	Amount
Comprehensive Services Act:		
Outside Services	60315000-52349	$ 5,000,000
CSA Medicaid	60315000-55570	150,000
Salaries, Fulltime	60315000-51100	91,342
Local Only – CSA	60315000-55420	25,000
Group Health Insurance	60315000-51600	14,500
FICA	60315000-51450	10,000
Retirement	60315000-51525	5,300
Travel & Training	60315000-54900	2,500
Office Supplies	60315000-55820	4,000
PS-Office Supplies	60315000-52655	1,400
Print Shop	60315000-52650	1,200
Dues	60315000-56242	1,200
Postage	60315000-54050	1,000
Telephone	60315000-54100	1,000
Materials & Supplies	60315000-55930	500
Group Life Insurance	60315000-51630	500
	Total	**$5,309,442**

AND BE IT FURTHER ORDAINED, that a flexible budget is hereby authorized whereby appropriations may be increased to the extent that actual revenues from the CSA Pool Fund exceeds the original budget amount; and

BE IT FINALLY ORDAINED, that all other accounts and provisions of the Fiscal Year 2024 Budget appropriation Ordinance, as amended, not hereby amended, shall continue in full force and effect unless and until thereafter 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 - 1204 **NEW BUSINESS E.**

City Council REGULAR MEETING

Meeting Date: March 19, 2024

Subject: Consideration of Amending the Fiscal Year 2024 Budget Appropriation for Community Development Block Grant and HOME Grant Programs.

From: Susan McCulloch, Division Director of Housing & Development

---

COUNCIL ACTION

An Ordinance Amending the Fiscal Year 2024 Budget Appropriation Ordinance for Projects to Improve the Danville Community Financed with Community Development Block Grant, Home Investment Partnership Funds from the U.S. Department of Housing and Urban Development, and Estimated Program Income.

First Reading

SUMMARY

The City of Danville is a participating jurisdiction under the U.S. Department of Housing and Urban Development (HUD). Under this designation, the City receives Community Development Block Grant (CDBG) and HOME Investments Partnership Program (HOME) funds annually. The City has received its funding agreement from HUD in the amount of $1,188,966 and needs to appropriate the money to be used for housing related programs.

BACKGROUND

A large majority of the CDBG funds have historically been used for neighborhood revitalization efforts, and it is proposed to continue focusing on this effort in the 2023-24 Plan. In addition, there is a public service category which can be funded with up to 15% of the annual allocation. It provides funding to assist non-profit organizations to carry out programs that benefit low- to moderate-income individuals and/or households. The City has received the program agreement from HUD for a total budget of $1,248,966 for Fiscal Year 2023-24, comprised of $853,442 CDBG funds, $335,524 HOME funds, and $60,000 estimated program income generated from loan repayments and the sale of houses currently under city programs.

RECOMMENDATION

It is recommended that City Council adopt the attached Budget Appropriation Ordinance appropriating $1,248,966 from HUD for Fiscal Year 2023-24 for use in Housing-related programs.

Attachments

1. Ordinance

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2024-____.____

A ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET APPROPRIATION ORDINANCE FOR PROJECTS TO IMPROVE THE DANVILLE COMMUNITY FINANCED WITH COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIP FUNDS FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND ESTIMATED PROGRAM INCOME.

WHEREAS, the United States Department of Housing and Urban Development has made available $853,442 in Community Development Block Grant (CDBG) and $335,524 in HOME Partnership Program (HOME) Entitlement funds to be used for projects to improve the Danville community; and

WHEREAS, it is projected that an aggregated amount of $25,000 in CDBG program income and $35,000 in HOME program income will be generated during the period from July 1, 2023 through June 30, 2024 from the Community Development Block Grant and HOME Entitlement funds which will be used to improve the Danville Community.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia, that the estimated/anticipated revenues and appropriation of funds to finance the Budget of the Community Development Block and HOME Partnership Program are hereby, as follows:

CDBG/HOME FUND
ESTIMATED/ANTICIPATED REVENUES

Description		Account No.	Amount
Federal Aid-CDBG:	FY2024	61861000-48025	$853,442
Federal Aid-HOME:	FY2024	61862000-48030	$335,524
CDBG Program Income:	FY2024	61861000-44381	$ 25,000
HOME Program Income:	FY2024	61862000-44361	$ 35,000
		TOTAL:	$1,248,966

ESTIMATED/ANTICIPATED EXPENDITURES

Description		Account No.	Amount
H & D ADMIN	FY2024		
Salaries & Wages		61857000-51100	$98,569
FICA Taxes		61857000-51450	$7,678
Retirement		61857000-51525	$3,482
Group Hospital		61857000-51600	$13,303
Group Life Insurance		61857000-51630	$157
HSA Cont Exp		61857000-51632	$1,250
Legal Services		61857000-52170	$489
Maintenance Service Contracts		61857000-52225	$1,000
AVL Service Contracts		61857000-52275	$1,500
Advertising		61857000-52349	$1,000
Vehicles		61857000-52550	$3,500
Print Shop – Supplies		61857000-52650	$1,000
PS – Off Supplies		61857000-52655	$1,722
IT Tech Support		61857000-52665	$6,500
Postal Service		61857000-54050	$2,181
Tel/Int ITAlloc		61857000-54150	$5,850
General Liab Ins		61857000-54650	$574
Travel/ Train		61857000-54900	$3,000
Materials & Supplies		61857000-55930	$933
Dues/Membership		61857000-56242	$1,000
Recordation		61857000-56250	$1,000
		TOTAL:	
$155,688			
CDBG REHAB ADMIN:	FY2024		
Salaries & Wages		61858000-51100	$210,000
FICA Taxes		61858000-51450	$14,000
Retirement		61858000-51525	$11,200
Group Hospital		61858000-51600	$18,000
Group Life Insurance		61858000-51630	$500
HAS Cont Exp		61858000-51632	$4,500
Maintenance Service Contracts		61858000-52225	$7,000
AVL SvcContracts		61858000-52226	$800
Vehicles Radio		61858000-52500	$500
Vehicles		61858000-52550	$8,000
Print Shop		61858000-52650	$1,200
Print Shop - Supplies		61858000-52655	$1,500
Postal Service		61858000-54050	$800
Telephone		61858000-54100	$2,500
Tel/Inet-ITAlloc		61858000-54150	$1,500
General Liability Insurance		61858000-54650	$500
Travel/Training		61858000-54900	$6,000

Materials & Supplies	61858000-55930	$1,500
	TOTAL:	$290,000
REHABILITATION: FY2024		
CDBG Housing Rehab Projects	61910999-50	$185,754
	TOTAL:	$185,754
LEAD SAFE MATCH FY2024		
Lead Safe Match	61733999-50	$50,000
	TOTAL:	$50,000
FAIR HOUSING FY2024		
Fair Housing Admin	61911999-50	$15,000
	TOTAL:	$15,000
PUBLIC SERVICE ACTIVITIES (PSA): FY2024		
Head Start/CIC	61860068-55005	$45,000
College Bound	61860069-55005	$10,000
Big Brothers/Big Sisters	61860122-55005	$10,000
Neighbors Helping Neighbors	61860125-55005	$15,000
Legal Aid	61860415-55005	$15,000
Temporary Shelter	61860135-55005	$10,000
Danville Speech and Hearing	61860136-55005	$7,500
House of Hope	61860417-55005	$5,000
Church and Community Tutorial	61860418-55005	$14,500
	TOTAL:	$132,000
PRT PUBLIC FACILITIES WESTMORELAND FY2024	61916999-50	$50,000
		$50,000
HOME ADMIN FY2024		
Salaries & Wages	61859000-51100	$25,000
FICA Taxes	61859000-51450	$3,500
Retirement	61859000-51525	$2,500
Group Hospital	61859000-51600	$4,000
Group Life Insurance	61859000-51630	$500
HSA Cont Exp	61859000-51632	$1,000
	TOTAL:	$36,500

HOME REHABILITATION: FY2024			
HOME Housing Rehab Projects	61912999-50		$254,024
		TOTAL:	$254,024
HOME CHDO/HABITAT FOR HUMANITY FY2024			
CHDO Set Aside Rehab of Private Property	61913999-50		$80,000
		TOTAL	$80,000
	GRAND TOTAL		$1,248,966

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

BE IT FINALLY ORDAINED that all other accounts and provisions of the Fiscal Year 2024 Budget Appropriations 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