



## DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

### MUNICIPAL BUILDING

March 18, 2025

7:00 PM

### REVISED

**PRESIDING:** Alonzo L. Jones, Mayor

**CITY COUNCIL  
MEMBERS:** James B. Buckner, Vice Mayor  
L.G. "Larry" Campbell, Jr.  
Bryant Hood  
Barry P. Mayo

Dr. Gary P. Miller  
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](http://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 2026 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.*

- A. Consideration of Approval of Minutes from Regular Council Meeting held on February 18, 2025.  
Council Letter Number CL - 1926.

Consideration of Approval of Minutes from Regular Council Meeting held on February 18, 2025.

- B. Consideration of Amending the Fiscal Year 2025 Budget Appropriation Ordinance for Erosion Mitigation Airport Engineering Services.  
Council Letter Number CL - 1912.

An Ordinance Amending the Fiscal Year 2025 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Engineering Services in the Amount of \$71,744 Plus Local Share in the Amount of \$7,972 to be Provided by a Transfer from Undesignated Capital Improvement Funds and Appropriating Same.

### **Final Adoption**

## NEW BUSINESS

- A. Review of General Fund Financials as of February 28, 2025.  
Council Letter Number CL - 1849.

Review of General Fund Financials as of February 28, 2025. Financial Statements are Included.

- B. Consideration of Approving and Authorizing a Lease Agreement with Danville VA BESS 2 LLC.  
Council Letter Number CL - 1899.

1. Public Hearing

2. A Resolution Approving and Authorizing a Negotiated Lease Agreement with Danville VA BESS 2, LLC for the Installation and Operation of Commercial Energy Storage Facilities at 900 Mount Cross Road.

- C. Consideration of a Resolution Authorizing the Abandonment of an Electric Utility Easement in Pittsylvania County.  
Council Letter Number CL - 1898.

A Resolution Authorizing the Abandonment of a City Easement Across Property Located in Pittsylvania County.

- D. Consideration of Amending the Fiscal Year 2025 Budget Appropriation Ordinance to Fund a Bonus Payment to City Retirees.

Council Letter Number CL - 1933.

An Ordinance Amending the Fiscal Year 2025 Budget Appropriation Ordinance by Increasing Revenues from Interest Income to Fund a Bonus for City Retirees in an Amount not to Exceed \$725,000 and Appropriating the Same.

**First Reading**

## **COMMUNICATIONS FROM VISITORS**

*Communication from Visitors is an opportunity for citizens, who have signed up to speak at [www.danvilleva.gov/council](http://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. 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 - 1926**

**CONSENT AGENDA    A.**

**City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:**        Approval of Meeting Minutes.

**From:**           Susan DeMasi, City Clerk

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**COUNCIL ACTION**

Consideration of Approval of Minutes from Regular Council Meeting held on February 18, 2025.

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**Attachments**

1.     Meeting Minutes
-

February 18, 2025

The Second February meeting of the Danville City Council was held on February 18, 2025, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: Vice Mayor James B. Buckner, L.G. "Larry" Campbell, Jr., Bryant Hood, Mayor Alonzo L. Jones, Barry P. Mayo, Dr. Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9)

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

Mayor Jones presided.

City Manager Ken Larking stated that one of the City's police officers was shot yesterday, but was pleased to report that the officer was released from the hospital in Roanoke this afternoon. She was escorted back home to Danville by Virginia State Police and the Danville Police Department. The officer was well on her way to recovering from the physical injuries related to this incident. The City will continue to provide support for all their officers as they deal with the psychological trauma of what occurred. The City was incredibly proud of the courage the officer displayed while under fire; she displayed true heroism and they were thankful to the other officers that responded to secure the scene and to provide care. The City of Danville and the Danville Police Department were grateful to Carilion Health System, and the Roanoke Police Department for the support of the officer even before her arrival. They also thank all the regional law enforcement departments who supported the City officers. They were thankful for the support and well wishes received from the community and Mr. Larking expressed his appreciation to City Council for making sure their employees have the tools and training necessary to protect themselves and the public they serve.

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

Council Member Gary P. Miller gave the Invocation followed by the Pledge of Allegiance.

### **MEETING MINUTES**

Upon **Motion** by Vice Mayor Buckner and **second** by Council Member Mayo, the Minutes from the Regular Council Meeting held on January 21, 2025, were approved as presented. Draft copies of the minutes had been distributed prior to the meeting.

### **NEW BUSINESS**

### **REVIEW OF GENERAL FUND FINANCIALS AS OF JANUARY 31, 2025**

Chief Financial Officer, Michael Adkins, gave a brief overview of the General Fund Financials as of January 31, 2025, which marks 58% of the current fiscal year complete. Total revenues received through January were \$84.5M, about 52% of the budget and very comparable to prior years. Property taxes were at 50% of budget and the next billing cycle will occur in May and June. They will be watching Personal Property tax this spring with the combination of depreciation of car values and the rate reduction, which became effective January 1<sup>st</sup>. Local taxes were at 95%, as a whole, of the budget, and the only thing keeping the City below 58% were business licenses that were typically collected in March of every year; there were some businesses that do qualify, and prefer to pay quarterly. Sales tax received was 64% of the budget, which was about \$685,000, ahead of where they would be if the City were meeting budget. If the trend continues over the remaining five months of this fiscal year, that will project to about \$1M over budget for Sales tax this year. Last week, the City received their sales tax in February for December retail

which was \$1.3M; not quite the highest, but the second highest they have received in one month, just \$45,000 less than last year at this time. Meals tax was outperforming budget, currently at 62% and about \$408,000 ahead of where they would be if the City were meeting budget. If they forecast that for the remaining months of the year, they should see a \$700,000 surplus on that revenue line item. For Lodging tax, the dollar amounts were not quite as large as sales and meals, but was also operating at about 60% of the budget. That was only 39% ahead of where the City would be if they were meeting budget, and forecasting out to the end of the year, about \$67,000 extra. The City budgeted \$25M for the current fiscal year for Casino revenues. In order to meet that budget for this year, they would need in the last five months of the fiscal year for the Casino to generate about \$22.5M of net gaming revenue each month. Based on their December and January performances, that goal should be attained, and the City should have some surplus revenues from the Casino that they did not budget for. On the Expenditure side, Departmental spending was well within budgeted levels at about 55% of the budget. Group health was about 52% of the budget; if that trend continues, it looks like a good year for low utilization. The only item that was running ahead of budget, and it was timing, was Transfers to the Public Schools; a lot of those funds were provided that will be reimbursed by federal and state grants in the months to come. Fund balance ended last year at \$51M, this current year's budget planned on using about \$800,000 of that for capital items. Also, Council approved a couple of appropriations from Fund Balance amounting to \$7.6M. If the City met budget completely, the unassigned fund balance would be between \$42M and \$43M at the end of this year; the City's minimum is \$41M. With revenues running ahead of budget, that will help add some cushion to that minimum. As the City goes into next year's budget, they budget the additional revenue from sales tax, meals tax and the casino, and as they budget more revenues, that minimum fund balance will increase as well. Mr. Adkins noted he anticipated next year's minimum fund balance to be anywhere between \$43M and \$45M. Council Member Campbell asked if there has been a difference in income from Caesars casino revenues from before the casino opened until now, and Mr. Adkins noted there was. Prior to the full casino opening, the City saw about \$19M in net gaming revenues at that location, per month. December and January were both higher at \$28M. The City receives 6% of that from state tax and 2.5% as a direct payment. The City's payment from the state and Caesars combined averages about \$1.5M to \$1.7M per month right now.

**CONSIDERATION OF AN ORDINANCE REPEALING AND REORDAINING CHAPTER 35, ENTITLED "STREETS AND SIDEWALKS" OF THE CODE OF THE CITY OF DANVILLE, 1986, AS AMENDED**

Mayor Jones opened the floor for a Public Hearing regarding Repealing and Reordaining Chapter 35 of the Danville City Code. Notice of the Public Hearing was published in the *Danville Register & Bee* on February 11, 2025. No one present desired to be heard and the Public Hearing was closed.

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

**ORDINANCE NO. 2025-02.03**

AN ORDINANCE REPEALING AND REORDAINING IN ITS ENTIRETY CHAPTER 35, ENTITLED "STREETS AND SIDEWALKS", OF THE CODE OF THE CITY OF DANVILLE, VIRGINIA, 1986, AS AMENDED, AND REPEALING IN THEIR ENTIRETY CHAPTER 7, ENTITLED "BICYCLES", CHAPTER 21, ENTITLED "MOTOR VEHICLES AND TRAFFIC", AND CHAPTER 31, ENTITLED "RAILROADS", OF THE CODE OF THE CITY OF DANVILLE, VIRGINIA, 1986, AS AMENDED.

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

Council Member Vogler asked if there would be police enforcement used for people parking illegally in handicapped parking spaces, and Assistant City Attorney Ryan Dodson stated currently under state law, there was a minimum the City has to charge for illegally parking in a handicapped spot, but it can go higher; this would increase that to the maximum. It would also adopt certain practices allowed under state law that allow, under certain circumstances, private security or private property owners to enforce on commercial lots. They could issue a citation without having to get the police involved; the goal would be better enforcement. Mr. Vogler stated one of the other things included was to establish some speed limits for motor scooters, does this just give the City the ability to do these things or were they moving forward with this. Mr. Dodson noted in the case of motor scooters, the City was allowed to set a speed limit of 15 mph which was what the state said. The City had not adopted that yet; this item was passing an enabling ordinance so it can be enforced. Mr. Vogler questioned if the City would put up signs and Mr. Dodson noted there were speed limits in state statute for some of these and the City doesn't need to have signs for everything. If they notice areas where there were concentrations of scooters, they could put up signage if it was requested.

Council Member Whittle asked if someone has a commercial lot and put up a sign that says no parking, someone parks, they can tow people off; can they put a ticket on it and Mr. Dodson explained there was a process established that was described in the state law, and it would go through the local police to register as a volunteer enforcer on your own property. There were some requirements to do that. This was largely just consolidating all the enforcement language to the beginning of the chapter; nothing was being added, the language was just being updated to adopt the state law language. Mr. Vogler voiced his concern for the City Manager to be able to designate certain areas as one-way streets or parking lots, since that seems to be something that elected officials, and the citizens should have a voice in. If everything was being voted on as a blanket item, then he will be voting no. Council Member Saunders asked if the City was currently in compliance with these items, and Mr. Dodson noted that state law always trumps local laws and therefore the City was always in compliance. This ordinance will just clean up the language and bring the code up to what the state requires.

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

VOTE: 6-3  
AYE: Buckner, Campbell, Hood, Jones,  
Mayo, and Saunders (6)  
NAY: Miller, Vogler, and Whittle (3)

**CONSIDERATION OF ACCEPTING PARCEL #60451 ON PARK AVENUE FROM THE INDUSTRIAL DEVELOPMENT AUTHORITY FOR STREET IMPROVEMENTS**

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

**RESOLUTION NO. 2025-02.14**

A RESOLUTION APPROVING AND AUTHORIZING THE ACCEPTANCE OF REAL PROPERTY IDENTIFIED AS PARCEL #60451 LOCATED ON PARK AVENUE FROM THE INDUSTRIAL DEVELOPMENT AUTHORITY TO FACILITATE INFRASTRUCTURE IMPROVEMENTS.

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

February 18, 2025

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

### **CONSIDERATION OF AMENDING CHAPTER 37 OF THE DANVILLE CITY CODE**

Council Member Vogler **moved** for adoption of an Ordinance entitled:

#### **ORDINANCE NO. 2025-02.04**

AN ORDINANCE AMENDING AND REORDAINING CHAPTER 37, ENTITLED "TAXATION" ARTICLE XI, ENTITLED "PARTIAL EXEMPTION OF REAL ESTATE TAXES FOR CERTAIN REAL ESTATE," TO ADD A NEW SECTION 37-169.1 ENTITLED, "MULTIFAMILY/COMMERCIAL STRUCTURES", TO THE CODE OF THE CITY OF DANVILLE, VIRGINIA, 1986, AS AMENDED.

The Motion was **seconded** by Vice Mayor Buckner.

Council Member Vogler noted this item furthers the tax-exempt program that was implemented over the last few years, it would allow current or former commercial properties to be transitioned into residential and Mr. Larking noted historic properties. Mr. Vogler noted he liked that, but the conditions state the existing structure must be more than fifty years old and located in the Department of Historic Resources approved district or on a state or national register for historic places. Mr. Larking explained that was a current condition that hasn't been changed. Mr. Vogler stated with the substantial housing need, why was the City limiting this to only buildings that were fifty years old; some of the commercial shopping centers that have been sitting empty could be converted. Mr. Larking stated that it has been applied to try to give extra encouragement to very old buildings that have not been utilized in a long time, and in bad shape, to get them converted into residential uses. Starting at this point was a good way to get things going, being more impactful and encourage development in the most necessary areas first; it can be expanded from there. The big change was, instead of just mixed use, the City was adding the option of it being 100% residential. Mr. Vogler stated he would like to have a discussion to look at doing these things city wide or at least instead of fifty years old, just twenty years old.

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

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

### **CONSIDERATION OF A REQUEST TO THE VIRGINIA DEPARTMENT OF TRANSPORTATION TO ADJUST DANVILLE'S LANE MILE INVENTORY**

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

#### **RESOLUTION NO. 2025-02.15**



February 18, 2025

A RESOLUTION AUTHORIZING AND APPROVING A REQUEST BY THE CITY OF DANVILLE TO THE VIRGINIA DEPARTMENT OF TRANSPORTATION TO ADJUST DANVILLE'S LANE MILEAGE INVENTORY.

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

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

**CONSIDERATION OF AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE FOR THE RECREATION ENRICHMENT PROGRAM**

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

**ORDINANCE NO. 2025-02.05**

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR FUNDS IN THE AMOUNT OF \$67,738 FOR A RECREATION ENRICHMENT PROGRAM AND THE LOCAL IN-KIND SHARE OF \$260,240 FOR A TOTAL APPROPRIATION OF \$327,978 AND APPROPRIATION OF SAME.

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

**CONSIDERATION OF AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE FOR THE DANVILLE SHERIFF'S OFFICE JAIL-BASED SUBSTANCE USE DISORDER TREATMENT PROGRAM**

Upon **Motion** by Vice Mayor Buckner and **second** by Council Member Whittle, an Ordinance entitled:

**ORDINANCE NO. 2025-02.06**

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUE FROM VIRGINIA DEPARTMENT OF CRIMINAL JUSTICE SERVICES – JAIL BASED SUBSTANCE USE DISORDER TREATMENT GRANT PROGRAM IN THE AMOUNT OF \$150,000.00 FOR A TOTAL APPROPRIATION OF \$150,000 AND APPROPRIATING THE SAME.

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

**CONSIDERATION OF AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE FOR VIRGINIA DEPARTMENT OF TRANSPORTATION PROJECT APPROPRIATIONS**

Upon **Motion** by Vice Mayor Buckner and **second** by Council Member Whittle, an Ordinance entitled:

**ORDINANCE NO. 2025-02.07**

February 18, 2025

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE FOR CAPITAL IMPROVEMENT PROJECTS TO BE UNDERTAKEN WITHIN THE CITY OF DANVILLE AND TO BE FINANCED ANTICIPATING REVENUES FROM VIRGINIA DEPARTMENT OF TRANSPORTATION IN THE AMOUNT OF \$4,483,772.

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

### **COMMUNICATIONS**

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

Council Member Miller expressed condolences to the Saunders family for the loss of Council Member Saunders' cousin, Thomas Saunders. Dr. Miller wished a happy early birthday to Council Member Hood, and noted the Edmonds Gala last week was a great event. It was amazing to see how many professional athletes have come from the Danville-Pittsylvania County area.

Council Member Saunders noted his cousin Tom Saunders was the president of Virginia American Legions, and Mr. Saunders appreciated all the calls and the condolences. With inclement weather coming this way, Mr. Saunders encouraged citizens to be careful whether walking or driving, and stated he was thankful for everything that was being done and will be done in the City.

Council Member Vogler noted casino revenue was a common question he gets asked about, where was that money being invested, and will there be an area on the City website where citizens can access that information. Mr. Larking noted staff will get it placed on the website as quickly as possible; it was being reviewed to make sure all the information was accurate. Mr. Vogler noted he attended the VLGMA conference and everyone was talking about Danville and the good things that were happening here.

Council Member Whittle noted on the partial tax exemption, it could be inverted that to help keep individuals in their ventures longer. Mr. Whittle expressed his condolences to Mr. Saunders and his family for the loss of his cousin.

Vice Mayor Buckner recognized the Galileo track team, they took first in boys and second in girls in the state Virginia Regional track meet, and spoke about several individuals who took home records. Mr. Buckner thanked everyone that has reached out with kind words and prayers for the Danville Police officer that was shot. Council was thankful for all their first responders and for the work they do to keep everyone safe.

Council Member Campbell commended all the City employees for what they do to keep the city moving forward, and asked everyone to be careful with the weather coming through. Rev Campbell mentioned that he has received several calls from citizens inquiring about placing streetlights on Bonner Avenue, noted his condolences to Council Member Saunders, and thanked everyone for the love that has been shown to his family for the loss of his mother.

Council Member Hood sent out wishes for the speedy recovery of the officer that was shot in the line of duty and thanked all the police officers for keeping the City safe. Mr. Hood noted his condolences to the Saunders family for the loss of Tom Saunders. The Edmonds Gala was excellent and thanked Keisha Cardwell and staff at Brookdale Senior Center for inviting him to come in and answer questions for the residents. Mr. Hood spoke about the 1985 Lady Eagles basketball team and gave a shout out to the team members for the incredible game they played.

February 18, 2025

Council Member Mayo expressed condolences to Council Member Saunders and extended condolences to Council Member Campbell. Mr. Mayo congratulated the boys and girls G.W. basketball teams, and expressed wishes, thoughts, and prayers to everyone at the Danville Police Department.

Mayor Jones thanked everyone for their prayers concerning the police shooting and encouraged everyone to continue to pray for the officers.

The meeting was adjourned at 8:02 p.m.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

# Council Letter City of Danville, Virginia



**CL - 1912**

**CONSENT AGENDA B.**

## **City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:** Amending the Fiscal Year 2025 Budget Appropriation Ordinance for Erosion Mitigation Airport Engineering Services.

**From:** Marc Adelman, Director of Transportation Services

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### **COUNCIL ACTION**

An Ordinance Amending the Fiscal Year 2025 Budget Appropriation Ordinance to Provide for Additional State Aviation Funding for the Purpose of Completing Engineering Services in the Amount of \$71,744 Plus Local Share in the Amount of \$7,972 to be Provided by a Transfer from Undesignated Capital Improvement Funds and Appropriating Same.

#### **Final Adoption**

#### **SUMMARY**

Significant erosion has occurred in an area of the airfield near the airport's south ramp caused by deficiencies associated with the ramp's storm water system. The Virginia Department of Aviation has recommended a funding request to complete engineering services to address this situation.

#### **BACKGROUND**

Due to deficiencies associated with the south ramp's storm water detention basin, a significant ditch has formed along several hundred feet of airport property that parallels Taxiway A, which fills with water. Due to the erosion caused by the storm water detention basin, it is challenging for airport maintenance staff to access and remove small trees and brush from this area. The primary goal of the project is to complete design services to preserve the storm water system through rehabilitation activities and eliminate the erosion that has been created, so the area does not serve as a habitat for wildlife activity that could cause operational safety issues for pilots.

#### **RECOMMENDATION**

It is recommended that City Council approve an ordinance to appropriate state funding to complete airport engineering services.

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#### **Attachments**

1. Ordinance
-

PRESENTED: \_\_\_\_\_

ADOPTED: \_\_\_\_\_

ORDINANCE NO. 2025-\_\_\_\_\_.\_\_\_\_\_

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE TO PROVIDE FOR ADDITIONAL STATE AVIATION FUNDING FOR THE PURPOSE OF COMPLETING ENGINEERING SERVICES IN THE AMOUNT OF \$71,744 PLUS LOCAL SHARE IN THE AMOUNT OF \$7,972 TO BE PROVIDED BY A TRANSFER FROM UNDESIGNATED CAPITAL IMPROVEMENT FUNDS AND APPROPRIATING SAME.

WHEREAS, engineering design services are needed to mitigate erosion that has developed adjacent Taxiway A to support safe operations for the Danville Regional Airport.

WHEREAS, the engineering services project will be funded at eighty percent with state capital aid.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia that the Fiscal Year 2025 Budget Appropriation Ordinance be, and it is hereby, amended by increasing revenues for a grant from the Virginia Department of Aviation in the amount of \$71,744 such funds to be appropriated as follows:

**ANTICIPATED REVENUES**

| <u>Description</u>            | <u>Account No.</u> | <u>Amount</u> |
|-------------------------------|--------------------|---------------|
| Stormwater Erosion Mitigation |                    |               |
| State Aviation Funds          | 62033000-45712     | \$ 71,744     |
| Recoveries and Rebates        | 62033000-43810     | 7,972         |
|                               |                    | <hr/>         |
|                               |                    | \$ 79,716     |

**ANTICIPATED EXPENDITURES**

| <u>Description</u>            | <u>Account No.</u> | <u>Amount</u>   |
|-------------------------------|--------------------|-----------------|
| Stormwater Erosion Mitigation | 62033999-50        | <hr/> \$ 79,716 |

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

**TRANSFER FROM**

| <u>Description</u>     | <u>Account No.</u> | <u>Amount</u> |
|------------------------|--------------------|---------------|
| Recoveries and Rebates | 60000022-43810     | (\$ 7,972)    |
| Unallocated Funds      | 60000022-6999      | (\$ 7,972)    |

AND BE IT FINALLY ORDAINED, that all other accounts and provisions of the Fiscal Year 2025 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 - 1849**

**NEW BUSINESS    A.**

**City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:**        Review of General Fund Financials.

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

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**COUNCIL ACTION**

Review of General Fund Financials as of February 28, 2025. Financial Statements are Included.

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**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 10, 2025

**Subject: Summary of Preliminary General Fund Financial Results for February 28, 2025**

After completing the first eight months of the fiscal year, revenues are tracking well with budget and are ahead of the prior year. As of February 28, General Fund revenues were \$96,847,893, which represents 59% of our FY 2025 budget. This is an increase of \$6.7 million over February 29, 2024. Apart from small decreases in License Permits and Privilege Fees, Revenue from the Use of Money and Property, and Miscellaneous Revenue, all major revenue categories are ahead of the prior year. This increase in realized revenue is primarily from growth in local taxes.

General Property Tax collections continue to perform well with 52% of the budgeted property tax realized at the end of February. More specifically, real estate tax collections through the end of February amounted to \$11,187,773 or 53% of the budgeted real estate tax revenue. This is an increase of 923,000 over the prior year. We continue to see steady performance in the collection of delinquent real estate taxes with \$778,671 realized in the first eight months of this fiscal year. This accounts for 68% of the current year budget.

Local taxes collected through February 28, were \$30,972,682, or 63% of budget. This exceeds FY 2024 collections by nearly \$3 million. Over half, or \$1.6 million, of this increase is related to sales tax and business license payments. The remaining increase is found in other sources of local taxes. Sales tax collections through February amounted to \$9,574,074, or 74% of budget. Meals taxes collected for the first eight months of the fiscal year amounted to \$8,568,572 or 71% of budget, an increase of \$495,000 from last year. Business Licenses realized at the end of February were \$5,176,822, or 68% of budget. Lodging taxes received as of February 28 were \$2,354,832 or 67% of budget, an increase of \$261,000 from the prior year. All other revenue categories are tracking well with budget at this point.

Expenditures through February 28 were \$103,117,10 or 58% of budget. This is an overall increase of \$16.1 million when compared to February 29, 2024. Departmental spending for the first eight months of the fiscal year amounted to \$61 million or 60% of budget, an increase of \$6.8 million over the prior year. The increase in departmental spending is primarily attributed to an increase in salaries and benefits over the prior year along with the debt service for the police



## **DANVILLE, VA**

headquarters. This increase in departmental spending is coupled with an increase in transfers to Danville Public Schools of \$14 million primarily for cash advances made for capital related grants.

Fund expenditures exceeded revenues by \$6,269,317, which is an improvement over the prior month, January 2025, by \$4.2 million. This is typical for much of the fiscal year in the General Fund due to the timing of revenue recognition not being matched to expenditures. At this point, the General Fund is performing well compared to the current budget.

## CITY OF DANVILLE, VIRGINIA

## GENERAL FUND REPORT

67% OF YEAR LAPSED AS OF FEBRUARY 28, 2025

\*\*PRE-CLOSING FIGURES - SUBJECT TO CHANGE - UNAUDITED\*\*

|                                            | Budgets &<br>Appropriations For<br>Current Year | Actual<br>Revenues & Expenditures<br>For Year-to-Date | Percent<br>Realized/Expended<br>This Year | Encumbrances        | Balance to be<br>Realized/Expended | Actual<br>Revenues & Expenditures<br>At This Date Last Year |
|--------------------------------------------|-------------------------------------------------|-------------------------------------------------------|-------------------------------------------|---------------------|------------------------------------|-------------------------------------------------------------|
| <b>REVENUES:</b>                           |                                                 |                                                       |                                           |                     |                                    |                                                             |
| Property Taxes                             | \$ 43,200,280                                   | \$ 22,260,023                                         | 51.53%                                    |                     | \$ 20,940,257                      | \$ 20,373,867                                               |
| Other Local Taxes                          | 48,927,800                                      | 30,972,682                                            | 63.30%                                    |                     | 17,955,118                         | 28,113,521                                                  |
| License Permits & Privilege Fees           | 571,060                                         | 326,912                                               | 57.25%                                    |                     | 244,148                            | 501,189                                                     |
| Fines & Forfeitures                        | 213,000                                         | 136,386                                               | 64.03%                                    |                     | 76,614                             | 122,586                                                     |
| Revenue From Use Money & Property          | 3,255,050                                       | 2,881,650                                             | 88.53%                                    |                     | 373,400                            | 3,866,685                                                   |
| Charges For Services                       | 3,478,715                                       | 2,472,783                                             | 71.08%                                    |                     | 1,005,932                          | 1,804,340                                                   |
| Miscellaneous Revenue                      | 25,100                                          | 156,578                                               | 623.82%                                   |                     | (131,478)                          | 190,911                                                     |
| Recovered Cost                             | 9,979,454                                       | 5,996,993                                             | 60.09%                                    |                     | 3,982,461                          | 5,666,677                                                   |
| Intergovernmental                          | 38,584,490                                      | 21,251,885                                            | 55.08%                                    |                     | 17,332,605                         | 19,127,791                                                  |
| Transfers From Utilities                   | 15,588,000                                      | 10,392,000                                            | 66.67%                                    |                     | 5,196,000                          | 10,392,000                                                  |
| <b>TOTAL REVENUES</b>                      | <b>\$ 163,822,949</b>                           | <b>\$ 96,847,893</b>                                  | <b>59.12%</b>                             |                     | <b>\$ 66,975,056</b>               | <b>\$ 90,159,566</b>                                        |
| <b>EXPENDITURES:</b>                       |                                                 |                                                       |                                           |                     |                                    |                                                             |
| General Government Administration          | \$ 16,335,556                                   | \$ 10,470,501                                         | 64.10%                                    | \$ 350,108          | \$ 5,514,947                       | \$ 9,584,269                                                |
| Judicial Administration                    | 10,112,793                                      | 6,083,403                                             | 60.16%                                    | 17,626              | 4,011,765                          | 5,322,749                                                   |
| Public Safety                              | 45,204,021                                      | 27,722,431                                            | 61.33%                                    | 670,830             | 16,810,759                         | 24,341,670                                                  |
| Public Works                               | 6,109,775                                       | 3,571,434                                             | 58.45%                                    | 173,232             | 2,365,108                          | 3,005,594                                                   |
| Health and Welfare                         | 11,234,911                                      | 5,944,451                                             | 52.91%                                    | 44,315              | 5,246,144                          | 5,001,315                                                   |
| Parks, Recreation & Cultural               | 7,593,750                                       | 4,115,149                                             | 54.19%                                    | 73,212              | 3,405,388                          | 3,593,192                                                   |
| Community Development                      | 4,842,125                                       | 3,072,194                                             | 63.45%                                    | 30,842              | 1,739,088                          | 3,321,481                                                   |
| Non-Departmental                           | 16,135,954                                      | 10,194,169                                            | 63.18%                                    | -                   | 5,941,785                          | 10,433,600                                                  |
| Education                                  | 32,703,490                                      | 25,986,550                                            | 79.46%                                    | -                   | 6,716,940                          | 11,981,512                                                  |
| Transfer to Capital Projects               | 24,434,753                                      | 5,630,000                                             | 23.04%                                    | -                   | 18,804,753                         | 6,869,503                                                   |
| Transfer to Other Funds                    | 2,204,050                                       | 326,928                                               | 14.83%                                    | -                   | 1,877,122                          | 3,557,002                                                   |
| <b>TOTAL EXPENDITURES</b>                  | <b>\$ 176,911,176</b>                           | <b>\$ 103,117,210</b>                                 | <b>58.29%</b>                             | <b>\$ 1,360,166</b> | <b>\$ 72,433,800</b>               | <b>\$ 87,011,888</b>                                        |
| Revenue over(under) Expenditures           |                                                 | \$ (6,269,317)                                        |                                           |                     |                                    | \$ 3,147,678                                                |
| <b>FUND BALANCE:</b>                       |                                                 |                                                       |                                           |                     |                                    |                                                             |
| Beginning Fund Balance 07/01/2024          |                                                 | \$ 63,543,749                                         |                                           |                     |                                    | \$ 55,069,404                                               |
| Revenue over(under) Expenditures           |                                                 | (6,269,317)                                           |                                           |                     |                                    | 3,147,678                                                   |
| Ending Fund Balance 2/28/25                |                                                 | <b>\$ 57,274,431</b>                                  |                                           |                     |                                    | <b>\$ 58,217,082</b>                                        |
| Composition of Fund Balance:               |                                                 |                                                       |                                           |                     |                                    |                                                             |
| Reserved for Encumbrances/Designated Funds |                                                 | \$ 9,464,173                                          |                                           |                     |                                    | \$ 16,501,108                                               |
| Unassigned                                 |                                                 | 47,810,258                                            |                                           |                     |                                    | 41,391,533                                                  |
| <b>TOTAL FUND BALANCE 2/28/25</b>          |                                                 | <b>\$ 57,274,431</b>                                  |                                           |                     |                                    | <b>\$ 57,892,640</b>                                        |

**CITY OF DANVILLE, VIRGINIA  
GENERAL FUND  
COMPOSITION OF FUND BALANCE  
PRELIMINARY - AS OF FEBRUARY 28, 2025**

|                                            |                             |
|--------------------------------------------|-----------------------------|
| Beginning Total Fund Balance, July 1, 2024 | 63,543,748.50               |
| Add: General Fund Revenues                 | 96,847,893.02               |
| Deduct: General Fund Expenditures          | <u>(103,117,210.46)</u>     |
| Ending Total Fund Balance, June 30, 2025   | <u><u>57,274,431.06</u></u> |

Composition of Fund Balance:

|                                       |                             |
|---------------------------------------|-----------------------------|
| Restricted for Commonwealth Attorney  | 115,900.54                  |
| Restricted for Police Department      | 97,908.76                   |
| Restricted for Fire Department        | 175,992.41                  |
| Committed for Sheriff's Department    | 13,081.70                   |
| Committed to Schools                  | -                           |
| Committed to Budget Stabilization     | 3,000,000.00                |
| Assigned to Sheriff's Department      | 15,575.55                   |
| Assigned to Community Development     | 179,183.34                  |
| Assigned for Encumbrances             | 1,360,165.75                |
| Assigned Casino Revenue               | 4,000,000.00                |
| Nonspendable (Inventory and Prepaids) | 506,364.65                  |
| <b>UNASSIGNED</b>                     | <b><u>47,810,258.36</u></b> |
| Total Fund Balance, June 30, 2025     | <u><u>57,274,431.06</u></u> |

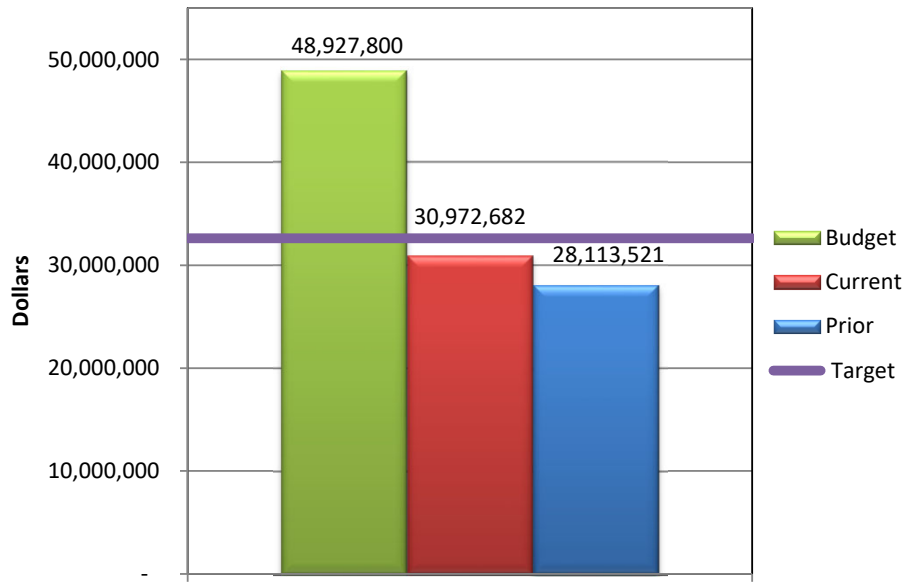
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|                                                                                                      |                      |
|------------------------------------------------------------------------------------------------------|----------------------|
| Unassigned fund balance from above                                                                   | 47,810,258.36        |
| Unassigned Minimum per policy<br>(25% of General Fund Operating Revenues)<br>based on FY 2025 budget | <u>40,955,737.25</u> |
| Current surplus (deficit) over (under) minimum                                                       | 6,854,521.11         |

**City of Danville, Virginia**  
**Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED**  
**For the period ending February 28, 2025**

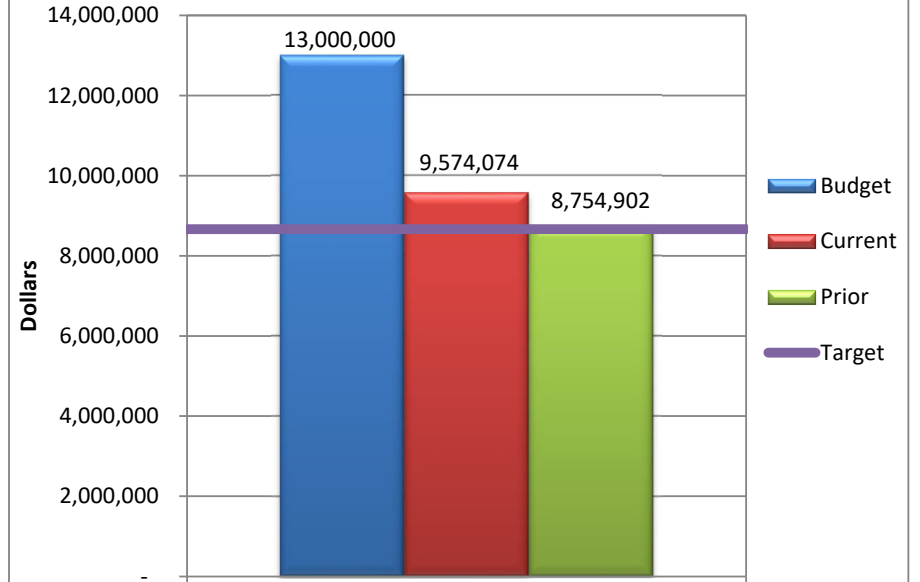
| <b>Description</b>        | <b>Current<br/>Budget</b> | <b>Revenue<br/>Realized</b> | <b>Percentage<br/>Realized</b> | <b>Prior Year<br/>Budget</b> | <b>Prior Year<br/>Realized</b> | <b>Percentage<br/>Prior Year</b> |
|---------------------------|---------------------------|-----------------------------|--------------------------------|------------------------------|--------------------------------|----------------------------------|
| Sales Tax                 | \$ 13,000,000             | \$ 9,574,074                | 73.65%                         | \$ 11,900,000                | \$ 8,754,902                   | 73.57%                           |
| Business Licenses         | 7,642,000                 | 5,176,822                   | 67.74%                         | 6,800,000                    | 4,409,600                      | 64.85%                           |
| Meals Tax                 | 12,100,000                | 8,568,572                   | 70.81%                         | 11,367,220                   | 8,074,122                      | 71.03%                           |
| Utility Taxes             | 930,000                   | 633,410                     | 68.11%                         | 930,000                      | 627,690                        | 67.49%                           |
| Vehicle License Fees      | 1,025,000                 | 313,498                     | 30.59%                         | 1,000,000                    | 299,944                        | 29.99%                           |
| Bank Stock Tax            | 1,100,000                 | -                           | 0.00%                          | 1,000,000                    | -                              | 0.00%                            |
| Recordation Tax           | 370,000                   | 237,860                     | 64.29%                         | 270,000                      | 248,140                        | 91.90%                           |
| Hotel Motel Tax           | 3,525,000                 | 2,354,832                   | 66.80%                         | 2,467,230                    | 2,094,133                      | 84.88%                           |
| Daily Property Rental Tax | 20,800                    | 40,520                      | 194.81%                        | 15,980                       | 16,527                         | 103.42%                          |
| Motor Vehicle Tax         | 240,000                   | 130,332                     | 54.31%                         | 200,000                      | 164,723                        | 82.36%                           |
| DMV Fees                  | 275,000                   | 132,002                     | 48.00%                         | 280,000                      | 136,123                        | 48.62%                           |
| Ceasars Min Fee           | 8,700,000                 | 3,810,761                   | 43.80%                         | 5,000,000                    | 3,287,618                      | 65.75%                           |
| <b>TOTAL</b>              | <b>\$ 48,927,800</b>      | <b>\$ 30,972,682</b>        | <b>63.30%</b>                  | <b>\$ 41,230,430</b>         | <b>\$ 28,113,521</b>           | <b>68.19%</b>                    |

## Local Taxes



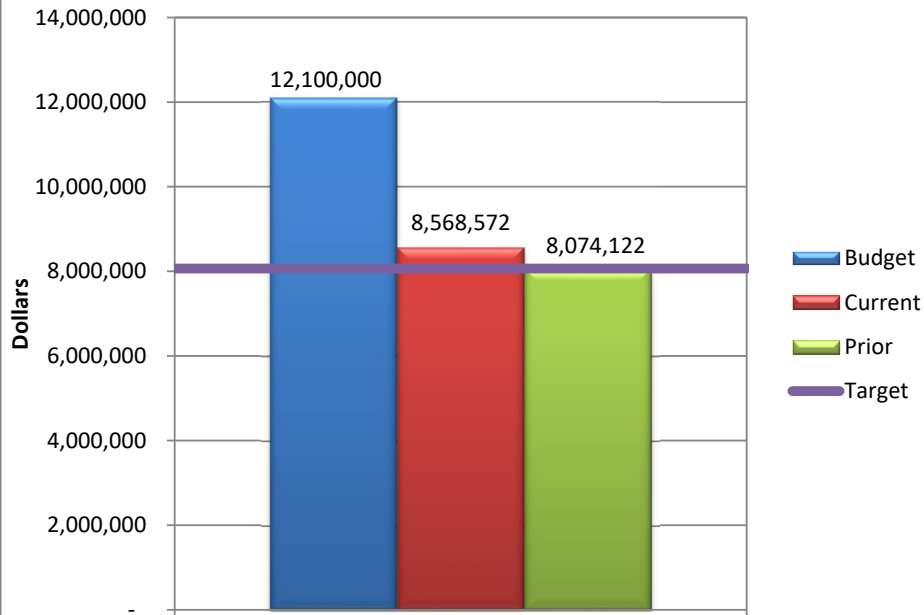
As of February 28, 2025

## Sales Tax



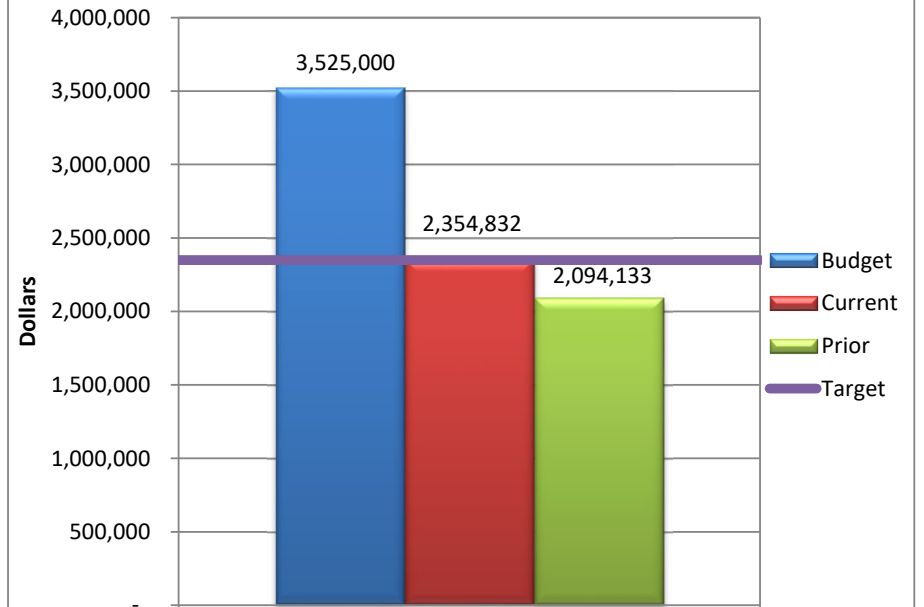
As of February 28, 2025

## Meals Tax

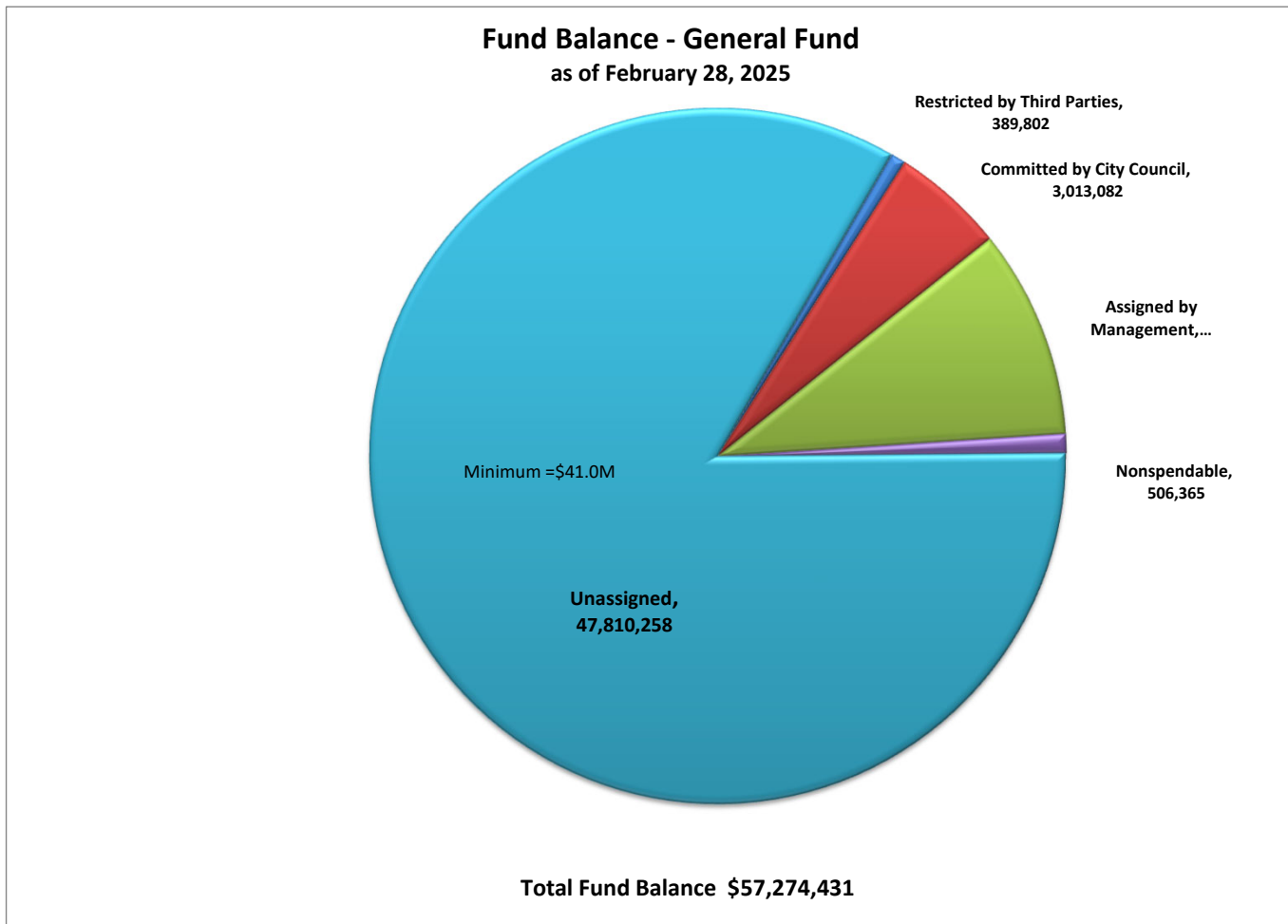
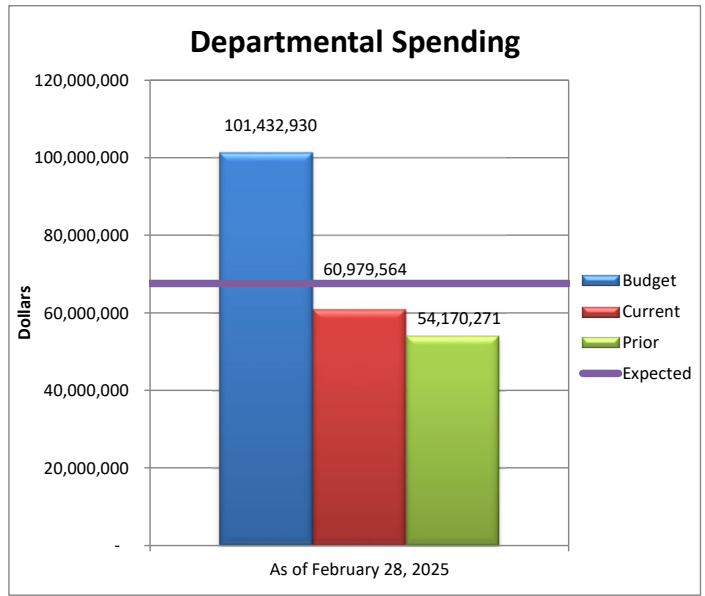
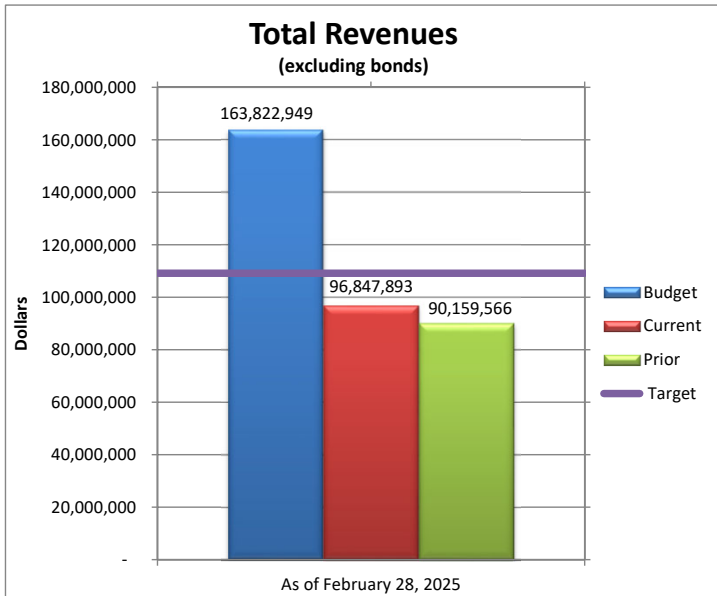


As of February 28, 2025

## Lodging Tax



As of February 28, 2025



# Council Letter City of Danville, Virginia



**CL - 1899**

**NEW BUSINESS B.**

## **City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:** Lease Agreement with Danville VA BESS 2 LLC.

**From:** Jason Grey, Director of Utilities

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## **COUNCIL ACTION**

1. Public Hearing
2. A Resolution Approving and Authorizing a Negotiated Lease Agreement with Danville VA BESS 2, LLC for the Installation and Operation of Commercial Energy Storage Facilities at 900 Mount Cross Road.

## **SUMMARY**

Danville VA BESS 2 LLC c/o Lightshift Energy is seeking a non-exclusive lease and franchise agreement with the City allowing for the installation of commercial energy storage facilities, including battery technology, on City-owned property located at 900 Mount Cross Road.

## **BACKGROUND**

Danville Utilities is seeking to enter into a lease and franchise agreement for the installation, placement, and operation of commercial energy storage facilities, including battery technology, on City-owned property located at 900 Mount Cross Road. Such facilities would be utilized to store surplus energy generation for later use by Danville Utilities during peak power periods to reduce energy purchase costs for Danville Utilities customers.

Under the Virginia Constitution, the granting of any lease or franchise to use public property exceeding five (5) years must be approved by City Council after a public hearing in which other interested parties may submit competing offers to the franchise sought.

Granting the attached franchise agreement will permit Lightshift Energy to install, place, and operate commercial energy storage facilities, including battery technology, at 900 Mount Cross Road, for use by Danville Utilities, provided they abide by all the negotiated terms and conditions. Installing these proposed energy storage facilities will reduce dependence on purchased energy generation during peak periods of energy consumption, will do so in a manner that protects City involvement in the siting and installation process, and lowers energy costs ultimately passed through to customers within the City.

City Council approved zoning and other land siting requirements in November 2024, and now that the design and area of the proposed battery storage facilities have been finalized, Council approval of the lease is the final step necessary from Council for the project to move forward.

## **RECOMMENDATION**

Staff recommends the approval of the attached franchise agreement and the granting of a franchise to Danville VA BESS 2 LLC c/o Lightshift Energy, for the installation of commercial energy storage facilities, including battery technology, on City-owned property located at 900 Mount Cross Road, subject to the terms and conditions contained within the agreement.

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### **Attachments**

1. Resolution
  2. Battery Lease Agreement
-



PRESENTED: \_\_\_\_\_

ADOPTED: \_\_\_\_\_

ORDINANCE NO. 2025-\_\_\_\_.\_\_\_\_

A RESOLUTION APPROVING AND AUTHORIZING A NEGOTIATED LEASE AGREEMENT WITH DANVILLE VA BESS 2, LLC FOR THE INSTALLATION AND OPERATION OF COMMERCIAL ENERGY STORAGE FACILITIES AT 900 MOUNT CROSS ROAD.

WHEREAS, the City of Danville has authority to grant leases upon City-owned property for public purposes subject to approval by City Council; and

WHEREAS, Danville VA BESS 2 LLC ("Danville VA BESS 2 LLC") provides commercial energy storage services in the Commonwealth of Virginia, and has requested a lease with the City for the installation of commercial energy storage facilities, including battery technology, upon a portion of City-owned property identified as 900 Mount Cross Road in the City of Danville; and

WHEREAS, Danville Utilities has negotiated an agreement with Danville VA BESS 2 LLC to install such commercial energy storage facilities upon the property located at 900 Mount Cross Road in the City under the terms and conditions substantially in the form attached hereto and further identified as the "Agreement".

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Danville, Virginia, that pursuant to Virginia law, the City grants a lease to Danville VA BESS 2 LLC, to occupy a portion of 900 Mount Cross Road for the purpose of installing and operating commercial energy storage facilities under the terms and conditions more particularly set forth in the lease agreement, in the form substantially attached hereto and incorporated herein as Exhibit "A" (the "Agreement"); and

BE IT FURTHER ORDAINED, by the Council of the City of Danville, Virginia, that the City Manager, Kenneth F. Larking, be, and is hereby, authorized and directed to

execute the Lease Agreement and to any other documents necessary to be executed or signed to complete this transaction.

Approved:

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to  
Form and Legal Sufficiency:

\_\_\_\_\_  
City Attorney

## **LEASE AGREEMENT**

This Lease Agreement (“Agreement”) effective as of \_\_\_\_\_, 2025 (the “Effective Date”) is by and between the **City of Danville, Virginia**, a municipal corporation of the Commonwealth of Virginia, having a mailing address of 1040 Monument Street, Danville, Virginia 24541 (“Landlord”), and **Danville VA Bess 2 LLC**, a Delaware limited liability company having a mailing address of c/o Lightshift Energy, 1201 Wilson Blvd., 27<sup>th</sup> Floor, Arlington, VA 22209, its successors and assigns (“Tenant”). Landlord and Tenant are sometimes individually referred to as a “Party” and collectively as the “Parties.”

## **RECITALS**

A. Landlord is the owner of certain real property located at 900 Mt Cross Road, Danville, Virginia 24540, the portion(s) of which that are subject to this Agreement are described in greater detail on Exhibit A hereto (the “Leased Premises”);

B. The Parties have entered into (i) that certain Energy Storage Services Agreement dated on or about the date hereof (the “ESSA”), and (ii) each Interconnection Agreement for Battery Energy Storage Facility (collectively, the “Interconnection Agreement”), in each case in respect of the energy storage services to be provided by Tenant to Landlord thereunder; and

C. Tenant intends to use the Leased Premises and the other areas leased or granted to Tenant hereunder for the development, construction, installation, operation, and maintenance of the “Storage Facility” described in the ESSA (the “Energy Storage Facility”).

## **AGREEMENT**

Section 1. Lease and Grant of Easements. Landlord hereby leases to Tenant the Leased Premises, and grants to Tenant the easements specified herein (the “Easements”), upon and subject to the terms and conditions in this Agreement. Tenant shall have the quiet use and enjoyment of the Leased Premises and the Easements in accordance with and subject to the terms of this Agreement. Landlord further leases to Tenant the “Construction Area” (as depicted on Exhibit B) during the Construction Term (as defined in Section 3) of this Agreement for use as a staging area in connection with the development, construction, and the installation of the Energy Storage Facility (as defined in Section 2).

Section 2. Use of Leased Premises. During the Term of this Agreement, Tenant will have the exclusive right to use and occupy the Leased Premises and to exercise the other rights and privileges granted to Tenant herein, for purposes of developing, erecting, constructing, installing, operating, maintaining, repairing, replacing, removing and decommissioning the Energy Storage Facility.

Section 3. Term of Agreement.

3.1 Construction Term. The “Construction Term” shall commence on the Effective Date and shall terminate upon the date that the Energy Storage Facility is placed in service (the “Commercial Operation Date”). During the Construction Term, the Tenant may use and enjoy the Construction Area for purposes relating to the construction and installation of the Energy Storage Facility. Upon the expiration of the Construction Term, Tenant’s right to use and occupy the Construction Area shall automatically cease, and Tenant’s sole property rights hereunder during the remainder of the Term shall be the right to use and occupy the Leased Premises together with the Easements granted hereunder to construct the Energy Storage Facility. As soon as practicable following the expiration of the Construction Term,

Tenant shall restore and landscape the Construction Area to substantially its condition as it existed immediately prior to the Effective Date, ordinary wear and tear excepted.

3.2 Operations Term. The “Operations Term” of this Agreement shall commence on the Commercial Operation Date and shall expire upon the twentieth (20<sup>th</sup>) anniversary of the Commercial Operation Date, unless extended as described below. The Construction Term and the Operations Term (including all renewals and extensions thereof) are together referred to as the “Term.” The Operations Term shall automatically, without need for any action by either Party, be extended for successive one (1) year periods in connection with any “Extension Term” occurring under (and as defined in) the ESSA.

3.3 Lease Year. The term “Lease Year,” as used herein, shall refer to the period between the Commercial Operation Date and the one (1) year anniversary of the Commercial Operation Date, and each subsequent one (1) year period thereafter during the Term.

3.4 Decommissioning Period; Removal. Tenant shall have six (6) months following the expiration of the Term or the earlier termination of this Agreement during which to decommission and remove the Energy Storage Facility from the Leased Premises, unless Tenant has elected to abandon the Energy Storage Facility in place following a termination of the ESSA arising out of a default by Landlord as described in Section 11(B) thereof. During this six (6) month period, Tenant shall have the right to use and occupy the Leased Premises and the Easement Areas (as defined in Section 11) solely for the purposes of decommissioning and removing the Energy Storage Facility from the Leased Premises. During the decommissioning term, Tenant shall restore and landscape the Leased Premises and the Easement Areas to substantially their condition as they existed immediately prior to the Effective Date, ordinary wear and tear excepted.

Section 4. Rent. The rent to be paid by the Tenant to the Landlord for the Term is Ten and 00/100 Dollars (\$10.00), paid on or before the Effective Date.

Section 5. Ownership of Energy Storage Facility. Landlord shall have no ownership, lien, or other interest in the Energy Storage Facility or any of its components; and Tenant may remove any or all components of the Energy Storage Facility at any time. No part of the Energy Storage Facility installed by Tenant on the Leased Premises shall be considered part of the Leased Premises or an improvement to real property; the Energy Storage Facility shall at all times be considered tangible personal property owned exclusively by Tenant.

Section 6. Taxes and Assessments.

6.1 Tenant shall pay all real and personal property taxes, assessments and charges, general and specific, that may be levied or assessed by reason of Tenant’s use of the Leased Premises, Tenant’s leasehold interest under this Agreement, or Tenant’s use or ownership of the Energy Storage Facility installed on the Leased Premises (collectively, “Tenant Taxes”). Landlord represents and warrants that the Leased Premises are exempt from any taxes attributable to (a) improvements or facilities installed by Landlord or others (excluding Tenant) on the Leased Premises; (b) the underlying value of the Leased Premises; and (c) any and all other taxes and assessments pending or levied against the Leased Premises

6.2 Tenant shall have the right, in its sole discretion and at its sole expense, to contest by appropriate legal proceedings the validity or amount of any assessments or taxes for which Tenant is responsible under this Agreement.

Section 7. Indemnification.

7.1 Tenant Indemnification of Landlord. Tenant shall, from and after the Effective Date, defend, indemnify and hold harmless Landlord and Landlord's affiliates and their respective directors, officers, managers, members, shareholders, employees, representatives and agents from and against all loss, liability, damages, claims, proceedings, costs (including costs of defense and attorneys' and professionals' fees incurred in defense or incurred in enforcement of this indemnity), expenses, demands, suits and causes of action (all of the foregoing collectively referred to as "Liabilities") arising out of: (i) negligence or willful misconduct of Tenant, its agents, officers, directors, employees or contractors; or (ii) the material breach by Tenant of any of its obligations under this Agreement, except to the extent arising out of the negligence or willful misconduct of Landlord or material breach of this Agreement by Landlord.

7.2 Landlord Indemnification of Tenant. Landlord shall, to the maximum extent allowable by law, from and after the Effective Date, defend, indemnify and hold harmless Tenant and Tenant's affiliates and their respective directors, officers, managers, members, shareholders, employees, representatives and agents from and against all Liabilities arising out of: (i) negligence or willful misconduct of Landlord, its agents, officers, directors, employees or contractors; or (ii) the material breach by Landlord of any of its obligations under this Agreement, except to the extent arising out of the negligence or willful misconduct of Tenant or material breach of this Agreement by Tenant.

7.3 This Section 7 shall survive the expiration or termination of this Agreement.

Section 8. Tenant's Representations, Warranties and Covenants. Tenant represents, warrants and covenants to Landlord that:

8.1 Tenant's Authority. Tenant has the unrestricted right and authority to execute and deliver this Agreement. When signed by Tenant, this Agreement constitutes a valid and binding Agreement enforceable against Tenant in accordance with its terms.

8.2 Insurance. Tenant shall, at its expense, obtain and maintain throughout the Term, public liability insurance insuring Tenant and Landlord against loss or liability caused by Tenant's activities on the Landlord's Property under this Agreement, in an amount not less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) in the aggregate, accident or incident, which has a commercially reasonable deductible.

8.3 Hazardous Materials. Tenant shall not violate, and shall indemnify Landlord against any violation by Tenant, of any federal, State, or local law, ordinance or regulation relating to the generation, manufacture, production, use, storage, release or threatened release, discharge, disposal, transportation, or presence of any substance, material, or waste which is now or hereafter classified as hazardous or toxic, or which is regulated under current or future federal, State, or local laws or regulations (each such substance, material, and waste "Hazardous Materials") in, on, under, or about the Leased Premises. In conformance with the requirements of applicable law, Tenant shall clean up, remove, remedy, and repair any soil or ground water contamination and damage caused by the release or disposal of any Hazardous Materials by Tenant in, on, under, or about the Leased Premises.

Section 9. Landlord's Representations, Warranties and Covenants. Landlord represents, warrants and covenants as follows:

9.1 Landlord's Authority. Landlord is the sole owner in fee simple of Landlord's Property, including without limitation the Leased Premises, the Construction Area, and the Easement Areas, and has the unrestricted right and authority to execute and deliver this Agreement and to grant to Tenant the rights granted under this Agreement. When signed by Landlord, this Agreement constitutes a valid and binding Agreement enforceable against Landlord in accordance with its terms.

9.2 No Interference. Landlord's activities and any grant of rights Landlord makes to any person or entity shall not interfere with the Energy Storage Facility or Tenant's rights under this Agreement. Landlord shall ensure that the conditions at Landlord's Property do not interfere with the operation of the Energy Storage Facility.

9.3 Liens. As of the Effective Date, there are no liens, encumbrances, leases, mortgages, deeds of trust, security interests, licenses, or other exceptions (collectively, "Liens") that would prevent, interfere with, frustrate, or otherwise adversely affect the Energy Storage Facility or Tenant's rights under this Agreement.

9.4 Treatment of Liens; Third Party Rights. If at any time during the Lease Term, any Lien or any third party right is found, exists, or is claimed to exist against the Leased Premises or Easement Areas or any portion thereof, that creates rights superior to those of Tenant (a "Landlord Mortgage"), Tenant shall be entitled to seek to obtain a Subordination and Non-Disturbance Agreement (defined below) from the holder of such Lien or such third party right (the "Landlord Mortgagee"), and Landlord shall use best efforts and diligence in helping Tenant obtain the same. Landlord agrees that any Landlord Mortgage granted by Landlord from and after the Effective Date in favor of or granted to any Landlord Mortgagee shall be subject to (i) this Agreement and all of Tenant's rights, title and interests created in this Agreement, and (ii) any and all documents executed or to be executed by and between Tenant and Landlord in connection with this Agreement; provided that at Landlord's request Tenant shall agree to execute a Subordinate and Non-Disturbance Agreement. A "Subordination and Non-Disturbance Agreement" shall mean an agreement between Tenant and/or any Leasehold Mortgagee (as defined below) and any Landlord Mortgagee that provides that such Landlord Mortgagee (i) subordinates such Landlord Mortgage to Tenant's interest under this Agreement, (ii) agrees not to disturb Tenant's possession or rights under this Agreement, (iii) agrees to provide notice of defaults under the Landlord Mortgage documents to Tenant and agrees to allow Tenant a reasonable period of time following such notice to cure such defaults on behalf of Landlord, and (iv) agrees to comply with such other requirements as may be reasonably required by Tenant to ensure the interests of Tenant are not interfered with. All Subordination and Non-Disturbance Agreements obtained by Landlord pursuant to this Section 9.4 shall be in a form reasonably acceptable to Tenant and shall be in a form that may be recorded following their execution.

9.5 Hazardous Materials. To the best of Landlord's knowledge, as of the Effective Date, there are no Hazardous Materials located on Landlord's Property and Landlord's Property has not been used for the generation, treatment, storage, or disposal of Hazardous Materials, no underground storage tanks have ever been located on Landlord's Property, nor are any underground storage tanks presently located on Landlord's Property. So long as this Agreement is in place Landlord shall not violate, and to the extent allowable by law, shall indemnify Tenant against any violation by Landlord of, any federal, State, or local law, ordinance, or regulation relating to the generation, manufacture, production, use, storage, release, or threatened release, discharge, disposal, transportation, or presence of any Hazardous Materials, in, on, under, or about Landlord's Property, including without limitation any such violation which may have occurred by Landlord or any other person prior to the Effective Date. Landlord's violation of the foregoing prohibition shall constitute a material breach and default under this Agreement and Landlord shall, to the extent allowable by law, indemnify and hold harmless and defend Tenant from and against any claims, damages, penalties, liabilities, or costs caused by or arising out of said violation. In conformance with the requirements of applicable law, Landlord shall clean up, remove, remedy, and repair any soil or ground water contamination and damage caused by the release or disposal of any Hazardous Materials in, on, under, or about Landlord's Property.

9.6 No Litigation. Landlord is not a party to any, and to Landlord's best knowledge, there are no pending or threatened, legal, administrative, arbitral, or other proceedings, claims, actions, or governmental or regulatory investigations of any kind or nature whatsoever against Landlord (i) challenging

the validity or propriety of this Agreement, and/or transactions contemplated in this Agreement or (ii) which could reasonably be expected to have a material adverse effect on the ownership or operation of the Landlord's Property or any part thereof or interest therein.

9.7 Requirements of Governmental Agencies. Landlord shall assist and fully cooperate with Tenant, so long as Landlord is reimbursed for its out-of-pocket expenses, in complying with or obtaining any land use permits and approvals, building permits, development permits, construction permits, subdivision approvals, or any other approvals required for the financing, construction, installation, interconnection, replacement, relocation, maintenance, operation, or removal of the Energy Storage Facility (collectively the "Permits"), including execution of applications for such approvals.

9.8 Estoppel Certificates. Within fifteen (15) days of receipt from Tenant, Landlord shall execute an estoppel certificate (a) certifying that this Agreement is in full force and effect and has not been modified (or, if the same is not true, stating the current status of this Agreement), (b) certifying that to the best of Landlord's knowledge there are no uncured events of default under this Agreement (or, if any uncured events of default exist, stating with particularity the nature thereof) and (c) containing any other certifications as may reasonably be requested. Any such statements may be conclusively relied upon by Tenant. The failure of Landlord to deliver such statement within such time shall be conclusive evidence upon Landlord that this Agreement is in full force and effect and has not been modified, and there are no uncured events of default by Tenant under this Agreement.

9.9 Cooperation in Security Rebates, Tax Credits and Other Economic Benefits. The Landlord will cooperate with Tenant in completing and filing such applications and other documents as are necessary to permit the Tenant to receive all mandatory or voluntary federal, State, or local renewable energy certificates or emissions or rebates, tax credits, and including, without limitation, other economic benefits (the "Environmental Attributes") that are now or may hereafter become available to the Tenant in connection with the Energy Storage Facility, provided that Landlord shall not be required to bear any material out-of-pocket costs in doing so. Notwithstanding anything to the contrary herein contained, all Environmental Attributes in connection with the Energy Storage Facility shall remain the property of the Tenant or its successors and assigns. Tenant shall have the exclusive right to sell, transfer, or convey the Environmental Attributes to any other person in Tenant's sole discretion.

## Section 10. Assignment.

10.1 Assignment by Tenant. Tenant shall not assign this Agreement without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant may, without the prior written consent of Landlord, (i) assign, mortgage, pledge, or otherwise collaterally assign its interests in this Agreement to any lender or other party providing financing for the Energy Storage Facility (collectively with any security or collateral agent, indenture trustee, loan trustee, or participating or syndicated lender involved in whole or in part in such financing, and their respective representatives, successors, and assigns, the "Lender") as described more fully in Section 14 below, (ii) directly or indirectly assign this Agreement to an affiliate of Tenant, (iii) assign this Agreement to any entity through which Tenant is obtaining financing or capital for the Energy Storage Facility, and (iv) assign this Agreement to any person succeeding to all or substantially all of the assets of Tenant; provided that if Tenant assigns one hundred percent (100%) of its interest in this Agreement to another person, Landlord shall be deemed to release Tenant from all of its obligations under this Agreement upon assumption of Tenant's obligations by the assignee. Landlord's consent to any other assignment shall not be unreasonably withheld if Landlord has been provided with reasonable proof that the proposed assignee (x) has comparable experience in operating and maintaining energy storage systems comparable to the Energy Storage Facility, and (y) has the financial capability to maintain the Energy Storage Facility and comply with the Tenant's obligations in the manner required by this Agreement.

10.2 Assignment by Landlord. The burdens of this Agreement and other rights contained in this Agreement shall run with and against the Leased Premises and Easement Areas and shall be a charge and burden thereon for the duration of this Agreement and shall be binding upon and against Landlord and its successors and assigns. Landlord shall notify Tenant in writing of any sale, assignment, or transfer of any of Landlord's interest in the Leased Premises, or any part thereof, and shall cause any such successor to agree to be bound by the terms hereof.

Section 11. Easements. For purposes of this Agreement, the term "Easement Areas" shall refer to the location of the Easements described herein.

11.1 Grant of Access Easements. Landlord hereby grants to Tenant during the Term a non-exclusive easement on, under, over, and across the Landlord's Property, for access to and from, and ingress and egress to and from, the Energy Storage Facility and Mt Cross Road (the "Access Easement"). The "Access Easement Area" is depicted on the site map attached as Exhibit B. The Access Easement granted herein shall include the right to construct and maintain, at Tenant's expense, a temporary access road within agreed upon portions of the Access Easement Area. Landlord shall maintain all roads, parking lots, driveways, rights-of-way and walkways that are not or may be located on the Landlord Property necessary for ingress and egress to and from, and occupancy of, the Leased Premises.

11.2 Landlord hereby grants to Tenant an exclusive easement on, under, over and across designated portions of the Landlord's Property as depicted on the site map attached as Exhibit B (the "Interconnection Easement Area"), for the installation, operation and maintenance of electrical lines to be located across the Landlord's Property to an existing utility structure on or adjacent to Landlord's Property and to interconnect the Facility to such utility structure, all as depicted on Exhibit B (the "Interconnection Easement"). The interconnection rights granted herein shall include the right to install, operate, maintain and repair interconnection equipment within the Interconnection Easement Area.

11.3 Provisions Applicable to all Easements. The following provisions shall apply to all Easements granted herein:

(a) Each Easement shall be for a term that is coterminous with the Term, provided that in the event that this Agreement is terminated prior to the end of the Term, each Easement shall terminate upon the date that this Agreement is terminated.

(b) Each Easement shall run with the Leased Premises, and shall inure to the benefit of and be binding upon Landlord and the holder of such Easement, and their respective transferees, successors, and assigns, and all persons claiming under them.

Section 12. Right to Terminate.

12.1 Termination by Tenant Prior to COD. Prior to the Commercial Operation Date for the Energy Storage Facility, the Tenant may terminate this Agreement if Tenant is unable to perform or prohibited from performing under the ESSA as a result of (i) any governmental agency denying a request by Tenant for, or revoking, a permit, license, or approval that is required for Tenant to construct or operate the Energy Storage Facility or related infrastructure on the Leased Premises or otherwise ordering or demanding that operation of the Energy Storage Facility cease or that the Energy Storage Facility must be removed from the Leased Premises for reasons unrelated to any default, violation or breach by Tenant of any applicable law; or (ii) the Leased Premises and/or Energy Storage Facility becoming damaged or destroyed to an extent that prohibits or materially interferes with Tenant's use of the Leased Premises.

12.2 Damage or Destruction. If the Energy Storage Facility is destroyed or substantially damaged as a result of fire or other casualty, then this Agreement may be terminated at the election of



Tenant. Tenant will make such election by giving notice to Landlord within ninety (90) days after the date of the casualty. Tenant's election to terminate shall be conditioned upon Tenant's safeguarding the portion of the Energy Storage Facility not damaged from further damage, or, at Landlord's election, removing the Energy Storage Facility, and restoring the Leased Premises to substantially the same condition it was in on the Effective Date, ordinary wear and tear excepted. This Agreement shall terminate upon the latest of (i) receipt by Landlord of Tenant's notice of termination, (ii) the safeguarding or razing of the Energy Storage Facility as described above, (iii) restoration of the Leased Premises to substantially the same condition it was in on the Effective Date, ordinary wear and tear excepted, and (iv) payment by Tenant to Landlord of all fees and other payments owing to Landlord under the Agreement, if any, up to the date of termination. If Tenant does not elect to so terminate, this Agreement shall continue in full force and effect, and Tenant shall promptly restore the Energy Storage Facility, or damaged parts thereof, to its or their condition immediately prior to such casualty.

In the event of termination by Tenant pursuant to this provision, each Party shall be relieved of all further liability hereunder except for Tenant's obligation to remove the Energy Storage Facility as provided herein, any obligations that accrued prior to the termination and each Party's indemnification obligations hereunder.

Section 13. Default.

13.1 Tenant Default. It shall be an event of default (an "Event of Default") by Tenant if:

(a) Tenant fails to pay any fees and charges payable under this Agreement within thirty (30) days after Tenant's receipt of written notice from Landlord that such amounts were not paid when due;

(b) Tenant fails to observe and perform any covenant, condition, or agreement hereunder on its part to be observed or performed for a period of thirty (30) days after Tenant's receipt of written notice from Landlord specifying such failure and requesting that it be remedied, given to the Tenant by the Landlord; provided, however, if the default is of such nature that Tenant cannot remedy the default within such 30-day period, Tenant shall have such additional time as may reasonably be required to remedy such default so long as Tenant commences to cure the default within such thirty (30) days and thereafter prosecutes the same to completion in good faith and with due diligence, but in no event later than ninety (90) days from the date of the notice from the Landlord; and/or

(c) Tenant commits a Seller Event of Default (as that term is defined under the ESSA) under the ESSA and the ESSA is terminated.

(d) Tenant commits an Event of Default (as that term is defined under the Interconnection Agreement) under the Interconnection Agreement and the Interconnection Agreement is terminated.

If an Event of Default of Tenant occurs, then without limiting any of Tenant's rights under this Agreement or the ESSA to access or remove the Energy Storage Facility, Landlord shall have the right, while such Event of Default continues, to re-enter and take complete possession of the Premises, and to declare the Term of this Agreement ended, and remove the Energy Storage Facility and Tenant's other effects on the Leased Premises, without prejudice to any remedies which might be otherwise be available to Landlord.

13.2 Landlord Default. If Landlord shall at any time (i) be in default of any Landlord Mortgage, or (ii) be in default in the observance or performance of any of the covenants and agreements required to be performed and observed by Landlord hereunder and any such default shall continue for a period of thirty (30) days after written notice to Landlord and Landlord shall not thereafter cure such default (or does not within said period commence and diligently proceed to cure such default), Tenant shall be entitled at its election, in addition to all remedies otherwise provided in this Agreement and otherwise available at law or in equity under the laws of the United States or the Commonwealth of Virginia:

(a) To bring suit for the collection of any amounts for which Landlord may be in default, or for the performance of any other covenant or agreement devolving upon Landlord, without terminating this Agreement, and/or

(b) To terminate this Agreement upon thirty (30) days written notice to Landlord without waiving Tenant's rights to damages for Landlord's failure to perform its obligations hereunder. If Tenant elects to terminate this Agreement, all rights and obligations of Tenant, and of any permitted successors or assigns, shall cease and terminate, except that Tenant shall have and retain full right to sue for and collect all amounts for the payment of which Landlord shall then be in default and all damages to Tenant by reason of any such breach.

13.3 Remedies Cumulative. All remedies of Landlord and Tenant herein created or remedies otherwise existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as either Landlord or Tenant shall, as applicable, deem necessary.

#### Section 14. Lender Protections.

14.1 Right to Mortgage. Without prejudice and in addition to any of Tenant's rights or Landlord's obligations in Section 10.1, Tenant may at any time and from time to time, without Landlord's prior written consent or approval (but with prior written notice to Landlord) (i) assign, encumber, hypothecate, mortgage, or pledge (including by mortgage, deed of trust, or personal property security instrument), or otherwise transfer all or any portion of its right, title, or interest under this Agreement to a Lender designated by Tenant, as security for the repayment of any indebtedness and/or the performance of any obligation owned by Tenant to such Lender; and (ii) mortgage its leasehold interest hereunder and/or collaterally assign its interest in this Agreement and in any monies due under this Agreement in connection with obtaining financing from a Lender and all appurtenances thereto (including the interconnection facilities and the transmission facilities and improvements, or otherwise encumber and grant security interests in all or any part of its interest in this Agreement, the Leased Premises, the Energy Storage Facility, interconnection facilities, or transmission facilities (holders of these various security interests are referred to as "Leasehold Mortgagees").

14.2 Lender's Rights Following Default. Following an event of default under any financing documents relating to the Energy Storage Facility and all appurtenances thereto (including the interconnection facilities and the transmission facilities and improvements), any Lender or Leasehold Mortgagee may (but shall not be obligated to) assume, or cause their designees to assume, all of the interests, rights and obligations of Tenant thereafter arising under this Agreement. Any Leasehold Mortgagee that has succeeded to Tenant's interests under this Agreement in accordance with the provisions of this Section 14 shall also have the right, without Landlord's prior written consent or approval (but with prior written notice to Landlord) to assign or sublet the whole or any portion or portions of its interest in this Agreement, the Leased Premises, the Energy Storage Facility, and all appurtenances thereto (including the interconnection facilities and the transmission facilities and improvements) for the uses permitted under this Agreement, to one or more creditworthy persons or entities with experience owning and operating a

battery storage facility commensurate to that of Tenant (each, an “Assignee”). Following any such sale, conveyance, lease, assignment, or sublet, the term “Tenant” shall be deemed to include each “Assignee” then holding Tenant’s interest in this Agreement. However, no Leasehold Mortgagee or Assignee shall by virtue of Tenant’s conveyance to it acquire any greater interest in the Leased Premises or any easements created hereunder than Tenant then has under this Agreement. References to Tenant in this Agreement shall be deemed to include any Person that succeeds (whether by assignment or otherwise) to all of the then-Tenant’s then-existing right, title, and interest under this Agreement in accordance with the provisions of this Section 14.

14.3 Tenant Discharge. If the rights and interests of Tenant in this Agreement shall be assigned in accordance with this Section 14 and the assuming party shall agree in writing to be bound by, and to assume, the terms and conditions hereof and any and all obligations to Landlord arising or accruing hereunder from and after the date of such assumption, Tenant shall be released and discharged from the terms and conditions hereof and each such obligation hereunder from and after such date, and Landlord shall continue this Agreement with the assuming party as if such person had been named as Tenant under this Agreement, provided, however, that the assuming party is creditworthy and has the experience required by this Section.

14.4 Landlord Consent. Landlord agrees to enter into a Non-disturbance, Consent, and Recognition Agreement (or equivalent) customary for the financing of a project like the Energy Storage Facility by and among the Tenant’s then chosen Lender or Leasehold Mortgagee, Landlord, and Tenant which shall include, without limitation, consent by Landlord to the Tenant’s collateral assignment of this Agreement and Tenant’s leasehold interest hereunder, cure rights and step in rights in favor of the Lender or Leasehold Mortgagee (such agreement, a “Landlord Consent”).

14.5 No Lender Liability. Any Lender or Leasehold Mortgagee or Assignee who acquires Tenant’s leasehold interest pursuant to foreclosure or assignment in lieu of foreclosure that does not directly hold an interest in this Agreement, or that holds an interest, lien or security interest in this Agreement solely for security purposes, shall have no obligation or liability under this Agreement for obligations arising prior to the time such Lender, Leasehold Mortgagee, or Assignee directly holds an interest in this Agreement, or succeeds to title to such interest, or to this Agreement. Any such Lender, Leasehold Mortgagee or Assignee shall be liable to perform obligations under this Agreement only for and during the period it directly holds such interest or title.

14.6 Third-Party Beneficiaries. The provisions of this Section 14 are for the benefit of the Lenders, Leasehold Mortgagees, and Assignees, as well as the Parties hereto, and shall be enforceable by the Lenders, Leasehold Mortgagees, and Assignees as express third-party beneficiaries hereof. Landlord hereby agrees that none of the Lenders, Leasehold Mortgagees, and Assignees, nor any Person for whom they may act, shall be obligated to perform any obligation or be deemed to incur any liability or obligation provided in this Agreement on the part of Tenant or shall have any obligation or liability to Landlord with respect to this Agreement except to the extent any of them becomes a party hereto pursuant to this Section or through the exercise of its rights or remedies and the written assumption of the Agreement or the easements granted hereunder. Any exercise by the Lenders, Leasehold Mortgagees, and Assignees of any rights and remedies hereunder shall be subject to all rights, defenses and remedies available to Landlord, in each case subject to the terms of any Landlord Consent.

14.7 Lender Enforcement. A Lender, Leasehold Mortgagee, or Assignee shall have the absolute right: (a) enforce its lien and acquire title to Tenant’s leasehold estate and easement rights by any lawful means; (b) to take possession of and operate the Leased Premises or any portion thereof, in accordance with the terms of this Agreement and to perform all obligations to be performed by Tenant under this Agreement, or to cause a receiver to be appointed to do so; and (c) to acquire such leasehold

estate and easement rights by foreclosure or by an assignment in lieu of foreclosure and thereafter to assign or transfer such leasehold estate to a third party.

#### 14.8 Cure Rights; Non-Curable Defaults.

(a) To prevent termination of this Agreement or any partial interest in this Agreement, each Lender, Leasehold Mortgagee, or Assignee shall have the right, but not the obligation, at any time prior to termination of this Agreement, to perform any act necessary to cure any breach or Event of Default and to prevent the termination of this Agreement or any partial interest in this Agreement. As a precondition to exercising any rights or remedies as a result of any alleged breach or Event of Default by Tenant, Landlord shall give written notice of such default to each Lender, Leasehold Mortgagee, or Assignee previously disclosed by Tenant, concurrently with delivery of notice to Tenant, specifying in detail the alleged event of default and the required remedy. Each such Lender, Leasehold Mortgagee, or Assignee shall have the same amount of time to cure the default as to Tenant's interest in this Agreement as is given to Tenant. The cure period for each Lender, Leasehold Mortgagee, or Assignee shall begin to run at the end of the cure period given to Tenant in this Agreement.

(b) If any default by Tenant under this Agreement cannot be cured without the Lender, Leasehold Mortgagee, or Assignee obtaining possession of all or part of the Leased Premises and/or all or part of the Energy Storage Facility and/or all or part of Tenant's interest in this Agreement, then any such default shall be deemed remedied if: (a) within ninety (90) days after receiving written notice from Landlord, either Lender, Leasehold Mortgagee, or Assignee shall have acquired possession of all or part of the Leased Premises and/or all or part of the Energy Storage Facility and/or all or part of such interest in this Agreement, or shall have commenced appropriate judicial or non-judicial proceedings to obtain the same; (b) the Lender, Leasehold Mortgagee, or Assignee, as the case may be, shall be in the process of diligently prosecuting any such proceedings to completion; and (c) after gaining possession of all or part of the Leased Premises and/or all or part of the Energy Storage Facility and/or all or part of such interest in this Agreement, the Lender, Leasehold Mortgagee, or Assignee performs all other obligations as and when the same are due in accordance with the terms of this Agreement, but only for the period attributable to its possession of the Leased Premises, provided, however, that the Lender, Leasehold Mortgagee, or Assignee shall pay the rent and perform all the other obligations of Tenant hereunder as of the date that Landlord could have terminated this Agreement for an event of default. If a Lender, Leasehold Mortgagee, or Assignee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction over any bankruptcy or insolvency proceeding involving Tenant or any defaulting Assignee, as the case may be, from commencing or prosecuting the proceedings described above, the sixty (60) day period specified above for commencing such proceeding shall be extended for the period of such prohibition. During any period of possession of the Leased Premises by a Lender, Leasehold Mortgagee, or Assignee and/or during the pendency of any foreclosure proceedings instituted by a Lender, Leasehold Mortgagee, or Assignee, the Lender, Leasehold Mortgagee, or Assignee shall pay or cause to be paid the fees, rent and all other monetary charges payable by Tenant under this Agreement which have accrued and are unpaid at the commencement of such period and those which accrue thereafter during such period. Following acquisition of Tenant's leasehold estate by the Lender, Leasehold Mortgagee, or Assignee as a result of either foreclosure or acceptance of an assignment in lieu of foreclosure, or by a purchaser at a foreclosure sale (all of which are included in the term "Assignee"), this Agreement shall continue in full force and effect and the Lender, Leasehold Mortgagee, or Assignee shall, as promptly as reasonably possible, commence the cure of all defaults under this Agreement and thereafter diligently process such cure to completion, and upon such completion of the cure of all defaults under the Agreement Landlord's right to terminate this Agreement based

upon such defaults shall be deemed waived; provided, however, that the Lender, Leasehold Mortgagee, or Assignee or such party acquiring title to Tenant's leasehold estate shall not be required to cure those defaults which are not reasonably susceptible of being cured or performed by such party ("Non-curable defaults"). Non-curable defaults shall be deemed waived by Landlord upon completion of foreclosure proceedings or acquisition of Tenant's interest in this Agreement by such party.

14.9 Tenant Bankruptcy; Etc. Any Lender, Leasehold Mortgagee, or Assignee who acquires Tenant's leasehold interest, pursuant to foreclosure or assignment in lieu of foreclosure shall not be liable to perform the obligations imposed on Tenant by this Agreement incurred or accruing after the Lender, Leasehold Mortgagee, or Assignee no longer has ownership of the leasehold estate or possession of the Leased Premises. Neither the bankruptcy nor the insolvency of Tenant shall be grounds for terminating this Agreement as long as all rent and all other monetary charges payable by Tenant under this Agreement are promptly paid by the Lender, Leasehold Mortgagee, or Assignee in accordance with the terms of this Agreement. The acceptance of rent by Landlord shall not be deemed a waiver of any other rights or remedy it may have under the Agreement at law or in equity.

14.10 Replacement Agreement. If this Agreement terminates for any reason, including because of Tenant's default or if the leasehold estate is foreclosed, or if this Agreement is rejected or disaffirmed pursuant to bankruptcy applicable requirements or other applicable requirements affecting creditor's rights and, within ninety (90) days after such event, Tenant or any Lender, Leasehold Mortgagee, or Assignee shall have arranged to the absolute satisfaction of Landlord for the payment of fees and other charges due and payable by Tenant as of the date of such event, then Landlord shall execute and deliver to such Lender, Leasehold Mortgagee, or Assignee or designee, as the case may be, a new lease to the Leased Premises which (a) shall be for a term equal to the remainder of the Lease Term before giving effect to such rejection or termination; (b) shall contain the same covenants, agreements, terms, provisions, and limitations as this Agreement (except for any requirements that have been fulfilled by Tenant or any Lender, Leasehold Mortgagee or Assignee prior to rejection or termination of this Agreement); and (c) shall include that portion of the Energy Storage Facility in which Tenant had an interest on the date of rejection or termination.

14.11 Survival. The provisions of this section shall survive the termination, rejection, or disaffirmation of this Agreement and shall continue in full force and effect thereafter to the same extent as if this section was a separate and independent contract made by Landlord, Tenant, and each Lender, Leasehold Mortgagee, or Assignee, and, from the effective date of such termination, rejection, or disaffirmation of this Agreement to the date of execution and delivery of such new lease, such Lender, Leasehold Mortgagee, or Assignee may use and enjoy said Leased Premises in accordance with the terms of such new lease, provided that all of the conditions for a new lease as set forth above are complied with.

## Section 15. Miscellaneous Provisions.

15.1 Memorandum. Landlord and Tenant shall execute in recordable form and Tenant shall then record in the land records of the locality where the Leased Premises are located a memorandum of this Agreement in the form attached to this Agreement as Exhibit C.

15.2 Notices. Any written notice, direction, instruction, request or other communication required or permitted under this Agreement shall be deemed to have been duly given on the date of receipt, and shall be delivered (i) personally to the Party to whom notice is to be given, (ii) by electronic mail to the Party to whom notice is to be given, (iii) by a recognized overnight delivery service to the Party to whom notice is to be given, or (iv) to the Party to whom notice is to be given, by first class registered or certified mail, return receipt requested, postage prepaid (with additional notice by regular mail), and addressed to

the addressee at the address stated opposite its name below, or at the most recent address specified by written notice given to the other Party in the manner provided in this Section 15.2:

If to Landlord:  
City of Danville, Virginia  
1040 Monument Street  
Danville, Virginia 24541  
Attention: Jason Grey,  
Utilities Director  
Email: greyjc@danvilleva.gov

If to Tenant:  
Danville VA BESS 2 LLC  
c/o Lightshift Energy  
1201 Wilson Blvd, 27<sup>th</sup> Floor  
Arlington, Virginia 22209  
Attn: Rory Jones and Michael Herbert  
Email: [roryjones@lightshift.com](mailto:roryjones@lightshift.com) and  
[michaelherbert@lightshift.com](mailto:michaelherbert@lightshift.com)

*With an electronic copy (which shall not be  
deemed notice absent delivery to the above)  
to:*

Tamir Ben-Yoseph, General Counsel  
[tamir@lightshift.com](mailto:tamir@lightshift.com)

15.3 Entire Agreement; Amendments. This Agreement constitutes the entire Agreement between Landlord and Tenant respecting its subject matter. Any other agreement, understanding or representation respecting the Leased Premises or any other matter not expressly set forth in this Agreement or a subsequent writing signed by both parties is null and void. This Agreement shall not be modified or amended except in a writing signed by both parties.

15.4 Legal Matters. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia. Venue shall be the City of Danville, Virginia where the Leased Premises is located.

15.5 Partial Invalidity. Should any provision of this Agreement be held, in a final and un-appealable decision by a court of competent jurisdiction, to be invalid, void, or unenforceable, the remaining provisions hereof shall remain in full force and effect, unimpaired by the holding.

15.6 Counterparts. This Agreement may be executed with counterpart signature pages and in duplicate originals, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

15.7 Cooperation. Landlord shall cooperate with Tenant in the conduct of their operations consisting of the Energy Storage Facility, and in otherwise giving effect to the purpose and intent of this Agreement, provided that Landlord shall not be required to bear any cost in doing so.

15.8 Relationship. Neither this Agreement nor any other agreements or transactions contemplated in this Agreement shall in any respect be interpreted, deemed or construed as constituting Landlord, Tenant as partners or joint venturers, or as creating any partnership, joint venture, association or other relationship other than of landlord and tenant.

15.9 Third Party Beneficiaries. There are no third-party beneficiaries, actual or intended, under this Agreement.

15.10 Captions. The captions used in this Agreement are for convenience only and do not limit or amplify the provisions hereof.

15.11 Force Majeure.

(a) “Force Majeure” or “Force Majeure Event” means any unforeseen cause or event beyond the reasonable control of the affected Party, and not due to the fault or negligence of the affected Party, and which could not have been avoided or overcome by due diligence and the use of reasonable efforts, including flood, tornado, hurricane, lightning, earthquake, fire, explosion, acts of the public enemy or terrorism, sabotage, civil disturbance, revolution, labor strikes, work stoppages, boycotts, walkouts, and other labor difficulties that are national or regional in nature, impact of war or mobilization, impact of epidemics or pandemics, swarms of locusts, national emergency, and order by any governmental authority; provided that Landlord shall not constitute a governmental authority for purposes of this Agreement. Force Majeure Event shall not include any of the following, all of which are solely the responsibility of the affected Party: (i) any inability to pay amounts due under this Agreement, (ii) late delivery of machinery, equipment, spare parts and consumables for the Energy Storage Facility, except to the extent resulting from a cause or event described in the first sentence of this Section 15.11, (iii) a delay in performance or faulty performance by any of Tenant’s contractors or suppliers, except to the extent resulting from a cause or event described in the first sentence of this Section 15.11, or (iv) failure or breakdown of equipment or facilities comprising the Energy Storage Facility, except to the extent resulting from a cause or event described in the first sentences of this Section 15.11.

(b) Neither Landlord nor Tenant shall be considered to be in default in the performance of its obligations under this Agreement to the extent that performance of any such obligation is prevented or delayed by a Force Majeure Event. In no case shall Force Majeure excuse non-payment for amounts otherwise due and payable hereunder.

(c) If a Party is prevented or delayed in the performance of any obligation by a Force Majeure Event, then such Party shall provide notice to the other Party of the circumstances preventing or delaying performance and the expected duration thereof as soon as reasonably practicable after discovery of the Party’s inability to perform as result of the claimed Force Majeure Event. The recipient Party of any such notice shall confirm receipt in writing as soon as reasonably possible; provided that any failure to confirm shall not invalidate the notice provided by the affected Party. The suspension of or extension of time for performance shall be of no greater scope and of no longer duration than is required by the Force Majeure Event and the Party affected by a Force Majeure Event shall use commercially reasonable efforts to remove or repair the cause of the Force Majeure Event and shall resume performance of its obligations as soon as reasonably practicable, but shall not be required to make any concession in any labor negotiation or dispute. The Term shall be extended for each day performance is suspended due to a Force Majeure event.

(d) Notwithstanding the foregoing, if a Force Majeure Event prevents material performance by a Party under this Agreement for a period of twelve (12) months or more, the Party whose performance is not prevented by Force Majeure shall have the right to terminate this Agreement upon written notice to the other Party and without further recourse.

15.12 Brokers. Each Party represents and warrants to the other that it has not retained anyone to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

*[Remainder of Page Intentionally Left Blank; Signature Page Follows]*



IN WITNESS WHEREOF, the parties have executed this Lease Agreement effective as of the Effective Date.

**THE CITY OF DANVILLE, VIRGINIA, a  
municipal corporation of the Commonwealth of  
Virginia, LANDLORD**

**BY:**

\_\_\_\_\_  
**KEN F. LARKING**  
**City Manager**

COMMONWEALTH OF VIRGINIA  
CITY OF DANVILLE, to-wit:

The foregoing instrument was acknowledged before me this the \_\_\_\_ day of \_\_\_\_\_, 2025, by **KEN F. LARKING**, in his capacity as City Manager of the City of Danville, Virginia, Landlord.

\_\_\_\_\_  
**NOTARY PUBLIC**

My commission expires: \_\_\_\_\_

**DANVILLE VA BESS 2 LLC, a Delaware  
limited liability company, TENANT**

**BY:** \_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
COUNTY OF \_\_\_\_\_ :

The foregoing instrument was acknowledged before me this the \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, on behalf of Danville VA BESS 2 LLC, Tenant.

\_\_\_\_\_  
**NOTARY PUBLIC**

My commission expires: \_\_\_\_\_

**Exhibit "A"**

Address: 900 Mount Cross Road, Danville VA 24541

Parcel ID: 72885

Legal Description:

**TAX PIN #72885 – MT CROSS ROAD, DANVILLE, VIRGINIA**

**FRONTING** 350 feet, more or less, on the northeastern margin of Mt Cross Road and running back therefrom between parallel lines 325 feet, more or less, on the north and 330 feet, more or less, on the south, to a rear line of 350 feet, more or less; being Lot Nos. 113 - 126 as shown on a Revised Map of Carter Springs, Inc., dated May 1946, revised October 8, 1946 made by W. B. Sours, C.E., of record in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia, in Deed Book 277, at Page 58, also of record in the aforesaid Clerk's Office in Map Book "R", at Page 8.

**BEING IN FACT**, the same property conveyed to the City of Danville, Virginia by deed from Edna Camburides, dated May 8, 1970, and recorded in the aforesaid Clerk's Office in Deed Book 523, at Page 513.

## Exhibit "B"

Address: 900 Mount Cross Road, Danville VA 24541

Parcel ID: 72885

Leased Premises Description: A 0.44 acre portion of the property located at 900 Mount Cross Road, Danville VA 24541.

### Site Plan:

The Lease Premises encompass the areas identified in this attached diagram where Tenant's equipment and other personal property is to be installed.

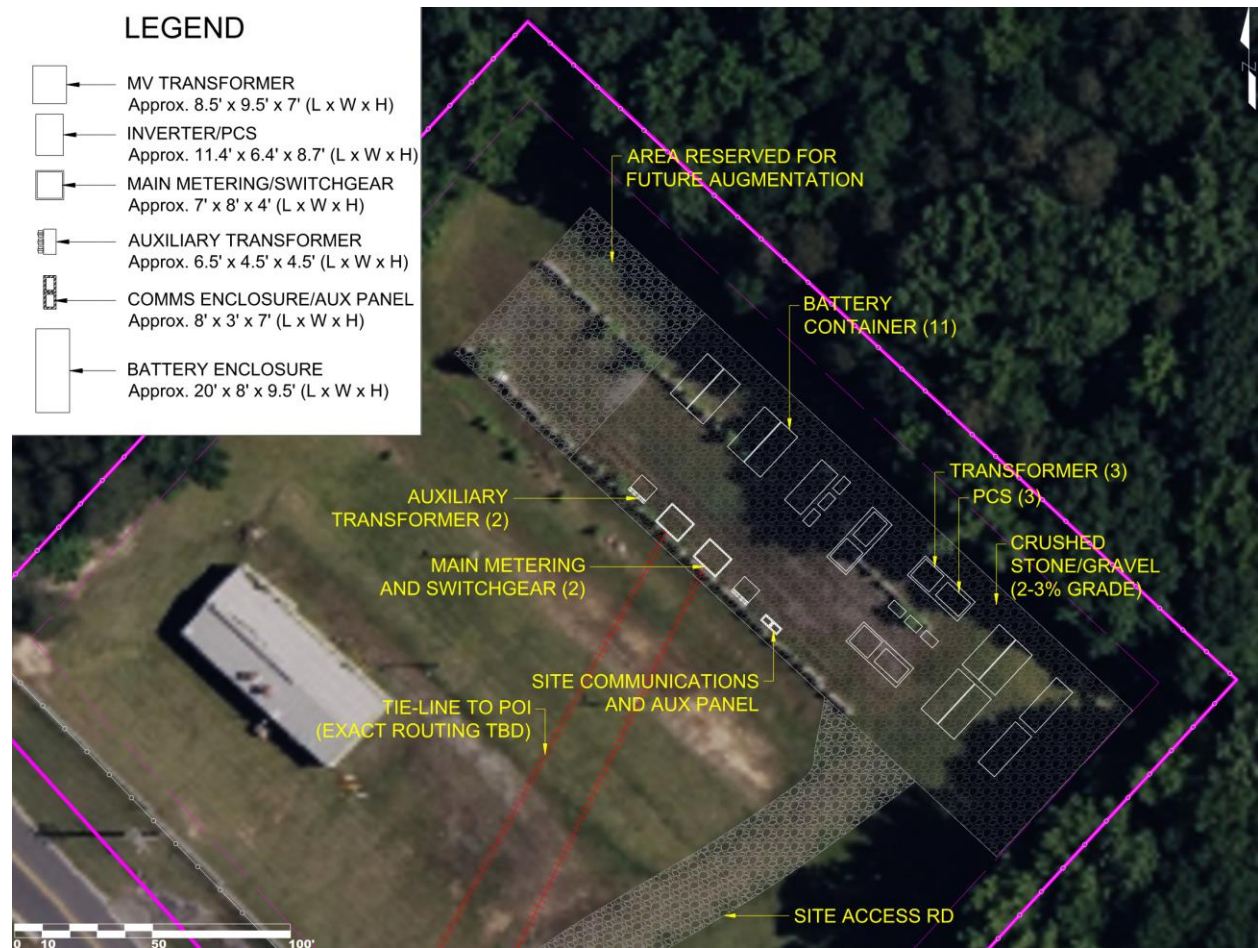


Exhibit "C"

Prepared by and return to:  
C. Ryan Dodson, Esq. (VSB #90680)  
City of Danville  
P.O. Box 3300  
Danville, VA 24543

*This deed is exempt  
from Grantor's tax  
pursuant to Va. Code §  
58.1-811(C)(4) and  
from Clerk's Fees  
pursuant to Va. Code §  
17.1-266 .*

Tax Map/Parcel ID Part #72885  
Mail to: City of Danville, P.O. Box 3300, Danville, VA 24543  
Title Insurance: None  
Consideration: \$10.00  
Assessed Value: \$3,500.00

**THIS MEMORANDUM OF LEASE AGREEMENT** (this "Memorandum"), is made, dated, and effective as of \_\_\_\_\_ (the "Effective Date"), by and between the **CITY OF DANVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia having a mailing address of 1040 Monument Street, Danville, Virginia 24541 ("Landlord"), and **DANVILLE VA BESS 2 LLC**, a Delaware limited liability company having a mailing address of c/o Lightshift Energy, 1201 Wilson Blvd., 27<sup>th</sup> Floor, Arlington, VA 22209, its successors and assigns ("Tenant"), with regards to the following:

1. Lease Agreement. Landlord and Tenant did enter into that certain Lease Agreement (the "Agreement"), which affects certain real property located at 900 Mt Cross Road, in the City of Danville, Commonwealth of Virginia (the "Leased Premises"), which is a portion of the real property particularly described in Exhibit A attached hereto (the "Landlord's Property"). Capitalized terms used and not defined herein have the meaning given the same in the Agreement. The date of the execution of the Agreement is the Effective Date.

2. Grant of Rights. The Agreement grants Tenant an exclusive leasehold interest in the Leased Premises, and grants to Tenant the easements in, on, under, over or about the Landlord's Property specified therein; such easement rights include, without limitation, (a) an access easement for access and ingress and egress to and from the Leased Premises and; (b) a distribution easement to extend distribution lines across a portion of the Landlord's Property and to interconnect with a utility pole located on or adjacent to the Landlord's Property.

3. Term. The Term of the Agreement shall commence on the Effective Date and expire on the twentieth (20<sup>th</sup>) anniversary of the date that the battery storage project to be constructed on the Leased Premises commences commercial operations; provided that the Term may be extended for successive one-year terms as described in the Lease. Tenant shall have a six (6) month period following the expiration of the Term or the earlier termination of the Agreement to decommission the battery storage project.

4. Assignment. The Agreement and Tenant's rights and obligations thereunder may not be assigned without Landlord's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant may (i) assign, mortgage, pledge or otherwise collaterally assign its interests in the Agreement to any lender or other party providing financing for the battery storage project, (ii) directly or indirectly assign the Agreement to an affiliate of Tenant, (iii) assign the Agreement to any entity through which Tenant is obtaining financing or capital for the battery storage project, and (iv) assign the Agreement to any person succeeding to all or substantially all of the assets of Tenant, in each case without Landlord consent. The burdens of the Agreement and other rights contained in the Agreement shall run with and against the Leased

Premises and easement areas and shall be a charge and burden thereon for the duration of the Agreement and shall be binding upon and against Landlord and its successors and assigns. Landlord shall notify Tenant in writing of any sale, assignment or transfer of any of Landlord's interest in the Leased Premises, or any part thereof, and shall cause any such successor to agree to be bound by the terms of the Agreement.

5. Subordination. The Agreement provides that from and after its effective date, any right, title or interest created by Landlord in favor of or granted to any third party shall be subject to the Agreement and all of Tenant's rights, title and interests created thereby; provided that Tenant will enter into certain commercially reasonable subordination and non-disturbance agreements.

6. Agreement Controls. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Agreement, and Landlord and Tenant executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Agreement and Tenant's rights thereunder.

7. Addresses.

a. The mailing address of Landlord is:

City of Danville, Virginia  
Department of Utilities  
1040 Monument Street  
Danville, Virginia 24541  
Attn: Utilities Director

b. The mailing address of Tenant is:

Danville VA BESS 2 LLC  
c/o Lightshift Energy  
1201 Wilson Blvd, 27<sup>th</sup> Floor  
Arlington, Virginia 22209  
Attn: Rory Jones and Michael Herbert  
Email: [roryjones@lightshift.com](mailto:roryjones@lightshift.com) and  
[michaelherbert@lightshift.com](mailto:michaelherbert@lightshift.com)

8. Location of Original Agreement. A copy of the original Agreement is on file with Landlord and Tenant.

9. Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

*(Remainder of Page Intentionally Left Blank)*

IN WITNESS WHEREOF, the parties have executed this Memorandum effective as of the Effective Date.

**THE CITY OF DANVILLE, VIRGINIA,  
a municipal corporation of the  
Commonwealth of Virginia, LANDLORD**

**BY:**

\_\_\_\_\_  
**KEN F. LARKING**  
**City Manager**

COMMONWEALTH OF VIRGINIA  
CITY OF DANVILLE, to-wit:

The foregoing instrument was acknowledged before me this the \_\_\_\_ day of \_\_\_\_\_, 2025, by **KEN F. LARKING**, in his capacity as City Manager of the City of Danville, Virginia, Landlord.

\_\_\_\_\_  
**NOTARY PUBLIC**

My commission expires: \_\_\_\_\_

**DANVILLE VA BESS 2 LLC, a  
Delaware limited liability company,  
TENANT**

**BY:** \_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
COUNTY OF \_\_\_\_\_:

The foregoing instrument was acknowledged before me this the \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, on behalf of Danville VA BESS 2 LLC, Tenant.

\_\_\_\_\_  
**NOTARY PUBLIC**

My commission expires: \_\_\_\_\_



**Exhibit "A"**

Address: 900 Mount Cross Road, Danville VA 24541

Parcel ID: 72885

Legal Description:

**TAX PIN #72885 – MT CROSS ROAD, DANVILLE, VIRGINIA**

**FRONTING** 350 feet, more or less, on the northeastern margin of Mt Cross Road and running back therefrom between parallel lines 325 feet, more or less, on the north and 330 feet, more or less, on the south, to a rear line of 350 feet, more or less; being Lot Nos. 113 - 126 as shown on a Revised Map of Carter Springs, Inc., dated May 1946, revised October 8, 1946 made by W. B. Sours, C.E., of record in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia, in Deed Book 277, at Page 58, also of record in the aforesaid Clerk's Office in Map Book "R", at Page 8.

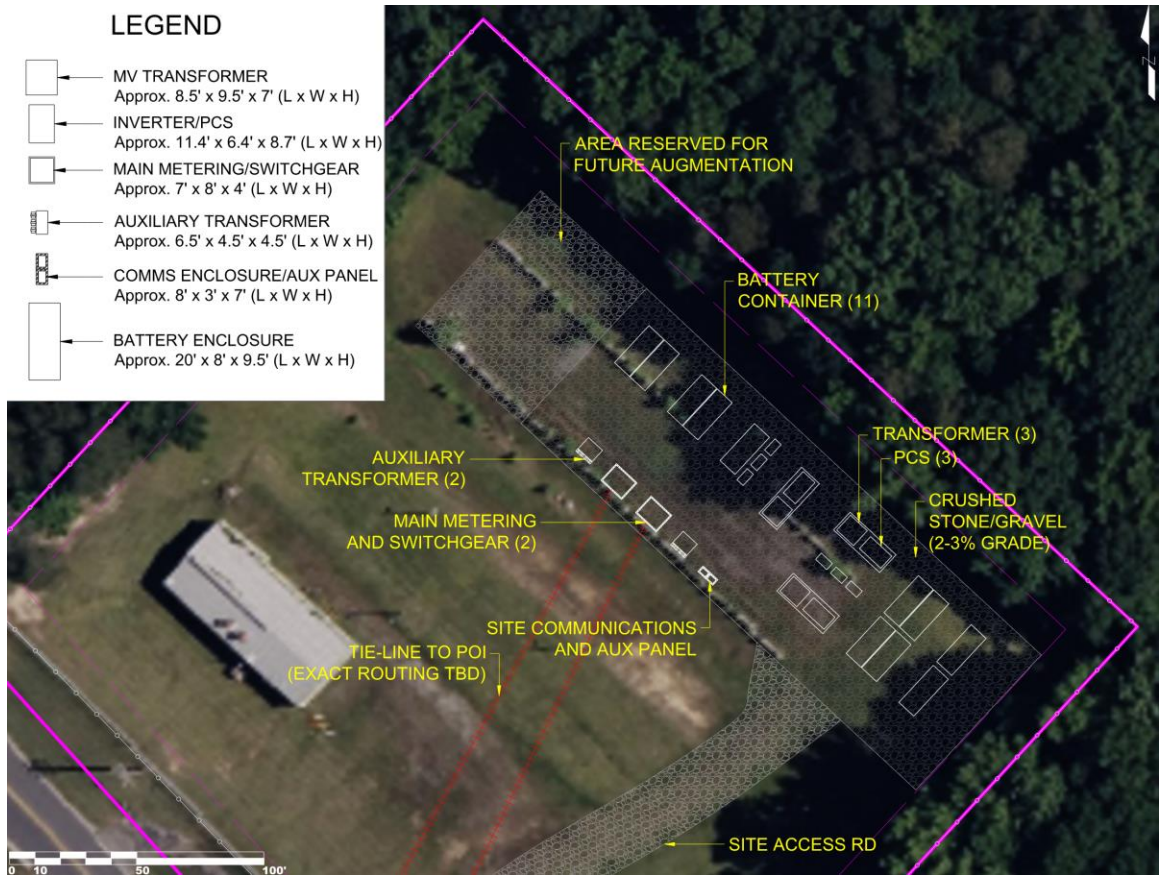
**BEING IN FACT**, the same property conveyed to the City of Danville, Virginia by deed from Edna Camburides, dated May 8, 1970, and recorded in the aforesaid Clerk's Office in Deed Book 523, at Page 513.

Site Plan:

The Lease Premises encompass the areas identified in this attached diagram where Tenant's equipment is to be installed.

## LEGEND

|                                                                                   |                                                                 |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------|
|  | MV TRANSFORMER<br>Approx. 8.5' x 9.5' x 7' (L x W x H)          |
|  | INVERTER/PCS<br>Approx. 11.4' x 6.4' x 8.7' (L x W x H)         |
|  | MAIN METERING/SWITCHGEAR<br>Approx. 7' x 8' x 4' (L x W x H)    |
|  | AUXILIARY TRANSFORMER<br>Approx. 6.5' x 4.5' x 4.5' (L x W x H) |
|  | COMMS ENCLOSURE/AUX PANEL<br>Approx. 8' x 3' x 7' (L x W x H)   |
|  | BATTERY ENCLOSURE<br>Approx. 20' x 8' x 9.5' (L x W x H)        |



# Council Letter

## City of Danville, Virginia



**CL - 1898**

**NEW BUSINESS C.**

### **City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:** Authorizing the Abandonment of an Electric Utility Easement.

**From:** Jason Grey, Director of Utilities

---

### **COUNCIL ACTION**

A Resolution Authorizing the Abandonment of a City Easement Across Property Located in Pittsylvania County.

#### **SUMMARY**

The City of Danville has an overhead electric utility easement on Berry Hill Road located on Parcel Number 1376-15-5690. This is the Dominion Energy solar project located on Berry Hill Road adjacent to the Southern Virginia Megasite. At the customer's request, a new electric utility easement was developed and implemented. The customer has requested that the existing unused easement be vacated and removed.

#### **BACKGROUND**

The City of Danville is working with Dominion Energy to provide electric service to their equipment. The unused easement was never constructed and will be replaced with the preferred easement at Dominion Energy's request. City staff requests that City Council authorize the vacation of the unused electric easement in Pittsylvania County on Parcel Number 1376-15-5690.

#### **RECOMMENDATION**

Staff recommends City Council adopt a resolution authorizing and approving the vacation of an unused electric easement on Parcel Number 1376-15-5690 in Pittsylvania County.

---

#### **Attachments**

1. Resolution
  2. Deed of Vacation
-

PRESENTED: \_\_\_\_\_

ADOPTED: \_\_\_\_\_

RESOLUTION NO. 2025-\_\_\_\_.\_\_\_\_

A RESOLUTION AUTHORIZING THE ABANDONMENT OF A CITY EASEMENT ACROSS PROPERTY LOCATED IN PITTSYLVANIA COUNTY.

WHEREAS, the City of Danville holds an unneeded thirty-foot (30 ft.) utility easement affecting one (1) parcel of real property located in Pittsylvania County identified as Parcel No. 1376-15-5690 (the "Property"); and

WHEREAS, the owner of the Property wishes for the City to vacate and abandon its easement upon the Property to facilitate future development opportunities.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Danville, Virginia, that pursuant to Sections 15.2-1800 and 15.2-1813 of the Code of Virginia 1950, as amended, and in consideration of the public hearing this day held by Council, that the City hereby permanently vacates, abandons, and releases the easement across the above-referenced Pittsylvania County Parcel, said easement identified in the attached Schedule "A"; and

BE IT FINALLY RESOLVED that the City Manager, Ken F. Larking, be, and he is hereby authorized to execute on behalf of the City any and all documents as may be necessary to effect such abandonment of the easement.

Approved:

\_\_\_\_\_  
Mayor

Attest:

---

City Clerk

Approved as to  
Form and Legal Sufficiency:

---

City Attorney

### **Schedule "A"**

A permanent 30 foot easement to enter and to install, construct, erect, maintain, repair, build, replace, operate, and patrol utility facilities, including necessary poles, conduits, cable, anchors, guys, wires, buried cables, buried wires, posts, terminals, location markers, manholes, fixtures, and other appurtenances, as well as the right to reconstruct, improve, add to, enlarge, change the type, as well as the size of and remove such facilities or any of them or those of such other system or systems as are duly authorized to use jointly its poles or trenches, as may be from time to time required, in, upon, under, over, or across the property located in Pittsylvania County, Virginia presently designated as Parcel ID #1376-15-5690, and presently owned by Virginia Electric and Power Company, said easement recorded in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia by deed dated October 25, 2024, as Instrument #24-4676.

Any other easements, rights of way, or restrictive covenants now of record, or affecting said property, or arising from the above-referenced recorded documents to the extent that such easement has not been expressly released herein remain unaltered.

*Prepared by and return to:  
C. Ryan Dodson, Esq. (VSB #90680)  
City of Danville  
P.O. Box 3300  
Danville, VA 24543*

*This deed is exempt from  
Grantor's and Grantee's tax  
pursuant to Va. Code § 58.1-  
810(1).*

*Tax Map/Parcel ID # 1376-15-5690  
Mail to: Virginia Electric & Power, Attn: Property Department, P.O. Box 27026, Richmond, VA 23261  
Consideration: None  
Title Insurance: None*

**THIS DEED OF VACATION** made this the \_\_\_\_ day of \_\_\_\_\_,  
2025, by and between the **CITY OF DANVILLE, VIRGINIA a municipal corporation  
of the Commonwealth of Virginia, GRANTOR,** and **VIRGINIA ELECTRIC AND  
POWER COMPANY, a Virginia public service corporation, GRANTEE,**

**W I T N E S S E T H:**

WHEREAS, Grantor holds an easement across a parcel of real property located in  
Pittsylvania County, Virginia, identified as Parcel No. 1376-15-5690 (the "Property"),  
identified in the attached Schedule "A" (the "Easement"); and

WHEREAS, Grantor no longer has any intended need for the Easement and desires  
to vacate the Easement in order to assist in the productive development of the Property;  
and

WHEREAS, Grantee is the owner of the Property and is desiring that the City  
vacate the Easement in order to facilitate the development of the Property;

NOW THEREFORE, in consideration of the mutual promises contained herein and  
other good and valuable consideration, the receipt and sufficiency of which is hereby  
acknowledged, the Grantor does hereby vacate, release, and quitclaim unto Grantee the  
Easement.

Any other easements, rights of way, or restrictive covenants now of record or affecting said property remain unaltered.

This conveyance having been authorized by the City Council of the City of Danville, Virginia by Resolution No. 2025-\_\_\_\_\_, adopted on \_\_\_\_\_, 2025, pursuant to a public hearing held in accordance with Va. Code § 15.2-1800.

*(Remainder of page intentionally left blank)*



WITNESS the following signatures and seals:

**THE CITY OF DANVILLE, VIRGINIA,  
a municipal corporation of the  
Commonwealth of Virginia**

**BY:**

\_\_\_\_\_  
**KEN F. LARKING  
City Manager**

STATE OF VIRGINIA  
CITY OF DANVILLE, to-wit:

The foregoing Deed was acknowledged before me this the \_\_\_\_ day of \_\_\_\_\_, 2025, by **Ken F. Larking**, acting in his capacity as **City Manager**, on behalf of the City of Danville, Virginia.

**BY:**

\_\_\_\_\_  
**NOTARY PUBLIC**

**My commission expires:**

\_\_\_\_\_

**Notary registration number:**

\_\_\_\_\_

**APPROVED AS TO FORM:**

**BY:**

\_\_\_\_\_  
**C. RYAN DODSON  
Assistant City Attorney  
VSB #90680**

### **Schedule “A”**

A permanent 30 foot easement to enter and to install, construct, erect, maintain, repair, build, replace, operate, and patrol utility facilities, including necessary poles, conduits, cable, anchors, guys, wires, buried cables, buried wires, posts, terminals, location markers, manholes, fixtures, and other appurtenances, as well as the right to reconstruct, improve, add to, enlarge, change the type, as well as the size of and remove such facilities or any of them or those of such other system or systems as are duly authorized to use jointly its poles or trenches, as may be from time to time required, in, upon, under, over, or across the property located in Pittsylvania County, Virginia presently designated as Parcel ID #1376-15-5690, and presently owned by Virginia Electric and Power Company, said easement recorded in the Clerk’s Office of the Circuit Court of Pittsylvania County, Virginia by deed dated October 25, 2024, as Instrument #24-4676.

**Council Letter  
City of Danville, Virginia**



**CL - 1933**

**NEW BUSINESS D.**

**City Council REGULAR MEETING**

**Meeting Date:** March 18, 2025

**Subject:** Budget Appropriation Ordinance to Fund a Bonus Payment to City Retirees.

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

---

**COUNCIL ACTION**

An Ordinance Amending the Fiscal Year 2025 Budget Appropriation Ordinance by Increasing Revenues from Interest Income to Fund a Bonus for City Retirees in an Amount not to Exceed \$725,000 and Appropriating the Same.

**First Reading**

**SUMMARY**

Revenues from interest earned on investments are anticipated to exceed the amounts originally budgeted for Fiscal Year 2025. This additional revenue will be used to fund a retiree bonus.

**BACKGROUND**

The City's Fiscal Year 2025 Budget Appropriation Ordinance includes estimates of interest earnings using the best available information at the time of budget development. Due to the effect of market forces, actual interest income is expected to exceed previously estimated amounts. Additionally, in accordance with the City's financial policies, all qualifying conditions for paying retirees a bonus have been met at this time.

**RECOMMENDATION**

It is recommended that the City Council adopt the attached ordinance amending the Fiscal Year 2025 Budget Appropriation Ordinance.

---

**Attachments**

1. Ordinance
-

PRESENTED: \_\_\_\_\_

ADOPTED: \_\_\_\_\_

ORDINANCE NO. 2025 - \_\_\_\_\_.\_\_\_\_\_

AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET APPROPRIATION ORDINANCE BY INCREASING REVENUES FROM INTEREST INCOME TO FUND A BONUS FOR CITY RETIREES AN AMOUNT NOT TO EXCEED \$725,000 AND APPROPRIATING THE SAME.

WHEREAS, the City anticipates the receipt of an additional \$725,000 in interest on investments during Fiscal Year 2025; and

WHEREAS, Section 12 of the City of Danville's Financial Policies entitled Pay Adjustments for City Retirees states that in the event criteria are met, City Council can approve a lump-sum bonus to qualified retirees; and

WHEREAS, the criteria necessary to approve a lump-sum bonus for retirees has been met; and

WHEREAS, based on the criteria as defined in the Pay Adjustments for City Retirees, at this time City Council can approve a lump-sum bonus up to one-half of the retiree's normal monthly benefit; and

WHEREAS, under Pay adjustments for City Retirees, retirees are not eligible for a bonus until the first-year anniversary of their retirement date; and

WHEREAS, under Pay Adjustments for City Retirees, the retirement date is defined as the first day of the month following the employee's separation date; and

WHEREAS, those retirees whose first year anniversary date is prior to the date the bonus is paid will be eligible for a bonus.

NOW THEREFORE, BE IT ORDAINED, by the Council of the City of Danville, Virginia, that the Fiscal Year 2025 Budget Appropriation Ordinance be, and the same hereby is, amended, by increasing revenues in the General Fund and appropriating same to be as follows:

**ANTICIPATED REVENUES**

| <u>Description</u>      | <u>Account No.</u> | <u>Amount</u>    |
|-------------------------|--------------------|------------------|
| Interest on Investments | 0100000-41750      | <u>\$725,000</u> |

**ANTICIPATED EXPENDITURES**

| <u>Description</u>                          | <u>Account No.</u> | <u>Amount</u>    |
|---------------------------------------------|--------------------|------------------|
| Transfer To<br>Employees' Retirement System | 0199001-6075       | <u>\$725,000</u> |

AND BE IT FURTHER ORDAINED, that the Council of the City of Danville, Virginia, authorizes the payment of the above-mentioned lump-sum bonus for retirees; and

BE IT FINALLY ORDAINED, that all other accounts and provisions of the Fiscal Year 2025 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